

THE INDIAN CO-OPERATIVE REVIEW

VOL. XIV

JANUARY—JUNE, 1948

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WIDER CHOICE AT LESS COST

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We regret the mistakes that have crept into the last issue of the *Review* (Jan.-June '48). We apologise to the writer of the article.

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53 (TITLE)	Sugar-cane Unions in Bihar.	Sugar-cane Unions in U.P.
54 (4TH LINE)	(Bihar)	(United Provinces)

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*"Like you, I too am running a Co-operative Society, the biggest in the World;
and its membership is to be counted not in thousands, but in millions."*

Gandhiji to members of the T. U. C. S., Triplicane, Madras,
in reply to an address on 24th March, 1925.

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EDITORIAL NOTES

MAHATMA GANDHI

The 30th of January 1948 will go down in history as the Black Day when one of the most exalted and elect souls fell by the fell hand of an assassin. Mohandas Karamchand Gandhi was not made of ordinary clay. The divine spark in him shed its kindly light on the entire universe and illuminated India more particularly. He stood as the true Apostle of Peace and the Saviour of Civilisation, turning humanity from the grip of violence, boundless ambition, lust for power and wickedness to the eternal paths of Ahimsa and Truth. His teachings stand true for all times. He was no pale copyist. He was singularly original in his approach to the problems of humanity; his weapons were Ahimsa, non-violence, and Satyagraha passive, resistance. He extended to the wider plane of the nation, the insistence on Truth and Ahimsa, which Bhagwan Buddha preached for individual *nirvana*. Great souls have been credited with the performance of miracles. What miracle can be greater than the integration of a nation and the transformation of slavish souls into free men? And it was this miracle, the birth of the Indian Nation, or rather the rejuvenation and reintegration of New India that was wrought by Mahatmaji in the course of a quarter of a century. For, what was India in 1920, when he appeared on the scene, and what is India to-day when he has left us?

Gandhiji was the friend claimed by practically every section of society. The farmer saw in him his saviour; the cottage worker had in him a redoubtable champion; the Harijan looked to him for salvation; the industrial worker found in him his best advocate and the industrial magnate too saw in him a bulwark of strength. Religious leaders held him as a saint; politicians found in him a great statesman, a Rajapita who, like Bhishma of old, ruled and guided when others reigned and acted.

Similarly, co-operators saw in him their best patron. Though not a formal co-operator, Mahatmaji was the quintessence of Co-operation. An exponent of the claims of the small and weak men, an unflinching champion of the exploited, oppressed and down-trodden, he was a pillar of strength to co-operative ideology. It was his inspiration that led the Congress in its latest manifesto to realise that the best instrument for the moral regeneration of the country and the economic betterment of India's millions was Co-operation.

This great soul has passed away. He has gone but his spirit remains. For, men of God never die. Let us co-operators everywhere recall his teachings and strengthen ourselves in the tenets of our creed by remembering how Mahatmaji, the strongest exponent of Non-co-operation with Evil, was the greatest Co-operator with Duty, Love and Truth.

May his spirit animate humanity and direct it to the true path !

—H. L. Kaji

CO-OPERATIVE URBAN CREDIT

In response to our invitation we received a number of articles, which we publish in this issue, on Co-operative Credit in Urban Areas. The Governments in India did not at first realise that there was an indebtedness problem in urban areas as acute as in rural areas and that the working classes and the lower middle class and the small craftsmen were exploited, quite as much as the small agriculturists, by petty usurers. To give them relief is no less humanitarian than relieving rural indebtedness. This has been only gradually perceived and a variety of credit societies have been organised with a view to save the poorer classes in towns from the clutches of moneylenders, who charged high rates of interest and gave few facilities for repayment in easy instalments.

The urban banks based on limited liability were at first expected to draw plenty of deposits from urban investors and pass them on to rural societies, which attracted little deposits but required lot of funds for lending to members. They were in fact designed more as financing agencies for rural societies. It was only after ten years or so that district central banks with the sole purpose of financing rural and urban primary societies were organised. But even after the urban banks gave up this role of financing other societies the banks composed of salaried and professional classes continued to attract more funds by way of deposits from members and non-members than they could utilise in their own business of lending to members and therefore had to deposit their surplus in central banks. In fact few of them now draw finance from central banks ; most of them have surplus funds. This is not to say that all the salaried classes are well off and do not need to borrow. Societies composed of employees of any particular department of Government or a business firm or educational institution contain mostly members who are perpetually in debt not being able to make both ends meet. The few at the top may be investors ; the rest are always borrowers. Worse is the case with the employees in factories, railways, etc.

The bigger urban banks consisting of a heterogeneous body of citizens, well-off, as well as ill-off, have grown in size, increased their transactions as well as membership and are anxious to expand like any joint stock bank both in respect of the area of their operations and their clientele and wish to take up every kind of commercial business, including the purchase of

stocks and shares and advance funds to members for speculative purposes—losing sight of the original aim of saving men of limited means. They wish to deposit their surplus funds not in co-operative central banks but outside, so as to earn more profits. They forget that they are part and parcel of a co-operative fraternity and should come to the succour of not only the well-to-do members but the thousands of struggling working men and the small craftsmen in the cottage industries in the urban areas. But they have done one great service—of creating the banking habit among many townsmen who had no facilities for the same, though latterly a number of joint stock banks have taken advantage of this habit and opened branches of their own in the smaller towns.

Some of the co-operative banks have among their clientele a number of traders, whom the co-operative movement is out to eliminate ultimately, if not immediately. Some urban credit societies are frankly communal in character which offends the co-operative principle. It is time the movement and the State examine and declare which are genuinely co-operative and which are not, encourage the former without wasting concessions on the latter, many of whom can get on quite well without State aid and concessions. If it is not inconsistent with co-operation for a bank to expand its membership and transactions, it is necessary to provide for a representative assembly in place of the general body of all shareholders. Such reforms are essential to suit the changing conditions.

CO-OPERATION AND HOUSING

Readers will find a number of articles on co-operative housing in this issue and note the difficulties confronting progress in this line. Housing societies were taken up long after other societies were tried. Most of such societies are confined to the upper middle class in cities and the bigger towns, leaving the countryside practically untouched. This is due to a variety of reasons. The very well-to-do in town and country build their own houses as they like without any aid. A number of middle class people build beyond their means and come to grief and they are in many cases obliged to sell the houses ultimately. The poor can seldom build pucca houses and pay for them even in several instalments; both capital and interest cannot be paid fully even in the course of thirty years.

There are, however, some who need and profit by the long-term loans and other aids granted by Government. Without Government aid not only by way of loans at low rates of interest but by help in acquiring house-sites and provision of certain amenities like water supply, it would have been impossible to make any progress so far as the middle classes are concerned. Even when such aid had been given, it was found by the *Committee on Co-operation in Madras* (1940) that about 25 per cent of borrowers in the income group below Rs. 50 and 16 per cent of those in the income group between Rs. 50 and Rs. 100 had to sell, transfer or mortgage their houses to others, either because of their prior debts which

prevent regular repayment of instalment dues, lack of adequate income or in some cases high prices offered for the houses.

Many so-called building societies do not really help in the actual building of houses. They help in buying the land, in the layout of house-sites and roads, provision of light and water-supply, at the most, and leave the erection of houses to individual members according to their fancy and ability. No attempt is made by the societies to purchase building materials jointly or engage building labour, unskilled, skilled or supervisory. Control by individuals has been inexpert all through involving waste of materials and labour. It is a misnomer to call many of them building societies; they are really credit societies lending money for building and recovering it in a longer number of years. And after all in the Madras Province, where housing societies had worked for a period of 25 years, it was found that in 1940 less than 2,500 houses had been constructed at a cost of nearly Rs. 80 lakhs. Since then, on account of the War and its aftermath, prices have jumped up three or four times of house-sites, building materials, labour, supervision etc., making it impossible for all but the rich to think of building houses for themselves or even keeping their old houses in good repair. The housing conditions of industrial and agricultural working classes have become more miserable.

It is in these circumstances that some Provincial Governments and the Central Government thought fit to set up Committees of enquiry to go into the question of housing and announce the facilities the Governments are prepared to extend in the matter of housing particularly the poorer and the lower middle classes—an account of which will be found in the articles and the extracts published in this issue of the *Review*.

Rural housing has not been the subject of any *ad hoc* investigation, probably under the impression that there is no overcrowding in rural areas and that the problem of housing is not so acute in the countryside as in the towns. But the Provincial Housing Committee and the Harijan Welfare Committee in Madras have broadly surveyed the problem of rural housing and of Harijan housing and assessed the needs and estimated the cost of providing houses. The former came to the conclusion that the cost of providing pucca houses would be formidable—nearly a thousand crores of rupees, out of which not even half could be recovered from the beneficiaries. A good deal of subsidy by the State would be needed. The Committee suggested first the construction of basements at a cost of Rs. 400 crores (or Rs. 20 crores per year) on which temporary structures could be raised. But as an urgent measure even before that the Committee urged the provision of amenities such as roads, water-supply, drainage, lighting and primary school at a cost of Rs. 140 crores, or about Rs. 7 crores per year spread over 20 years. Even this would tax the resources of the Provincial Government; so provision of pucca houses must be a distant ideal. The Harijan Welfare Committee

naturally confined its attention to the Harijans, for whom it recommended that house-sites must be provided in the first instance, free of cost, and co-operative societies should build houses and recover the cost in several instalments. Harijans in the past have not been able to pay for even the cost of house-sites in instalments regularly. Whether they will be able to contribute also the cost of building houses, which has risen high, is very doubtful. Perhaps tenancy societies where the houses are built, owned and managed by the society while members are only tenants paying rent for the occupation and taking some part in the management might have better chances of success, as the instalment dues would be lower, unless the cost of building is very high. There is a new hope that the enforcement of Prohibition might result in some savings. But unless cost of living is reduced, there is little chance of their being able to pay. Much depends on the success of the Government in fighting inflation. Every ameliorative measure for the poor will have to be held up till then.

The condition of housing of mill-workers has been notoriously bad except in a few cases like that of the B. & C. Mills in Madras and Harvey Mills in Madura, where the employers have been generous. Apart from the fact that only a fraction of the mill-hands have been provided for in this way, there is the objection from the trade union point of view that housing of this kind directly by the employers may not be conducive to the independence of the workers.

The Government of India has announced a scheme of construction of a million houses for industrial workers in the next ten years and constituted a Housing Board for the purpose. We have unfortunately no details of this spectacular housing scheme. The schemes of Provincial Governments, e. g., Madras, establishing one housing colony for Harijans in each taluqa and of the Bombay Government forming ten societies for *Halpaties* in Surat district may have a demonstrative value. But will they provide more than a fraction of the shelter needed by millions? Alongside the very urgent and crying demand for the most elementary need of adequate food, the demand for adequate housing may pale into insignificance, especially in South India; but it is bound to make itself felt, soon after the needs of nutrition are met.

CO-OPERATIVE CONFERENCES

Brief reports of a number of Conferences held in the first half of the year are given in this issue of the *Review*.

CONFERENCE OF CO-OPERATORS IN RAYALASEEMA

The first was a Conference of select co-operators from Rayalaseema (The Ceded Districts and Chittoor of the Madras Province) summoned by the Minister for Co-operation, at Madras to consider some of the recommendations of the Report of the Enquiry Committee presided over by Sri N. Gopalaswamy Ayyangar and published more than a year ago. Out of

the 142 recommendations of the Committee, covering all aspects of co-operative activity in the area, only two of them had been given effect to by the Government; the appointment of some Senior Inspectors of the Department to improve marketing societies and a Forest Ranger to work up a Chenchu Sale Society. The Conference itself passed resolutions only on 2 points ; that the lending rate on all short-term loans to the ultimate borrowers in Rayalaseema should be reduced to 5 per cent—the Government subsidising the central banks if necessary ; and that long-term loans should be issued to ryots through land mortgage banks at the rate of 1 per cent above the borrowing rate (*i.e.*, the rate on Debentures) of the Central Land Mortgage Bank—the difference between the present lending rate and the reduced rate being given as a subsidy by the Government to the Central Land Mortgage Bank. That the supervising staff should be increased at the expense of the Government was an incidental resolution. Beyond this the Conference does not seem to have proceeded. There was at the Conference no evidence of the nature of reaction of the Government or of co-operators to the revolutionary proposals of the Committee on the abolition of district central banks and the primary land mortgage banks as unnecessary and costly intermediaries or the change-over from unlimited liability to limited liability. It is time that the Government announced their answers on these points.

THE CONFERENCE OF LAND MORTGAGE BANKS IN MADRAS

The annual Conference of Land Mortgage Banks in Madras was held in the third week of February with Sri C. S. Rathnasabapathy Mudaliar, President of the Central Land Mortgage Bank, in the chair. In the course of his address, he expressed his agreement with the recommendation of the Gadgil Committee on Agricultural Finance that the rate of interest on long-term loans to ultimate borrowers should be brought down to 4 per cent, but disagreed with the suggestion of the Committee that an Agricultural Credit Corporation was necessary for the purpose. He was of the view that, granted similar concessions and aid by the State, the central and primary land mortgage banks in Madras could serve the purpose more efficiently as the latter were in intimate touch with the people needing credit, who could participate in the administration of plans for their betterment. He stated that more loans were now taken by ryots for land improvement, particularly for digging wells and installing electric motors and pumps for lifting water. He pleaded for technical advice and the use of machinery in the matter of digging wells and more facilities for the installation of motors and pump sets.

It was a welcome discovery made by the staff of the Central Land Mortgage Bank that even in respect of the loans taken for the clearance of prior debts, an analysis of more than 200 recent loan applications showed that nearly one-third of the prior debts were incurred for improvement of land or purchase of land or house construction. It would be interesting to know how much was incurred for land improvement alone.

Mr. Mudaliar thanked the Government of Madras for permitting the reduction of the margin between the borrowing rate of the Central Land Mortgage Bank and the primary banks' lending rate to ultimate borrowers from 3 per cent to $2\frac{1}{4}$ per cent—practically acceding to the repeated representations of co-operators. He also thanked the Government for continuing the guarantee of debentures, now upto Rs. 400 lakhs. He was sorry, however, that the Government still insisted on the payment in full of the cost of 3 Deputy Registrars and half the cost of all Sub-Registrars, lent by the Government to the land mortgage banks, though much of their work was in the nature of supervision and inspection, enjoined on the Co-operative Department by statute.

The Hon'ble Sri K. Chandramouli, Minister for Co-operation, in his opening address, expressed his gratification at the increasing demand for productive loans and hoped that ryots would take more and more of such loans now that the rate of interest has been reduced. He was particularly pleased that the Central Land Mortgage Bank was setting apart $\frac{1}{4}$ per cent, from its new narrow margin of $1\frac{1}{4}$ per cent, for subsidising the weaker primary land mortgage banks. We are glad to note his explicit statement that in Madras the land mortgage banks which were so well developed would continue to be utilised for the grant of long-term credit to ryots—implying that there was no need for an Agricultural Credit Corporation of the kind recommended by the Gadgil Committee. He regretted that Government could not reduce the charges made for the loan of services of Deputy Registrars. He urged more expeditious disposal of loan applications by banks and more liberal grant of loans in dry areas.

Among the resolutions passed at the Conference one wanted more subsidy from the Government with a view to the grant of loans at 4 per cent to ultimate borrowers; another urged an expeditious survey of lands in Zamindari villages as soon as they are taken over by the Government. The other resolutions related mostly to matters of procedure or internal administration of land mortgage banks.

THE COORG PROVINCIAL CO OPERATIVE CONFERENCE

Coorg is a pretty little hill country in South India, but has a wonderful record of all-round progress, not excelled by any other province in India. Its 360 co-operative societies with about 41,000 members have played an important part in the economy of the country, especially during the emergency of the War, when the Government entrusted to the marketing societies and rural stores the work of procurement and distribution. Small as the country is, it has a variety of societies almost all of them doing well. All the revenue villages have at least one co-operative society each and every family has one member at least as a member of one type or other of society. Some rural societies are said to have done excellent team work in the clearing up of villages and construction of roads. Some have given grants to schools in the vicinity. Rural grain banks, numbering more

than 80 have lent grain to members at comparatively lower rates of interest in kind—a great boon in times of grain famine like the present. Orange growers' societies and honey and wax producers' societies have done splendid work and set up sales depots outside Coorg

Over the 18th Provincial Conference of Coorg co-operators held in April last, Mr. J. C. Ryan, the Registrar of Co-operative Societies, Madras, presided and in a neat little address, commended the work done by the societies during the emergency but cautioned them against the coming days of competition, when State aid will cease and societies will have to adjust themselves to normal trading conditions. He referred to the work of the land colonisation societies in Madras, which are not all what they should be, and exhorted co-operators of Coorg to organise similar societies for the reclamation and cultivation of waste lands and promised, if necessary, financial aid through the Madras Central Land Mortgage Bank. He suggested the formation of milk supply unions and milk supply societies or the taking on of milk supply as a subsidiary activity by rural credit societies which can pass on the milk to unions. This may be tried wherever milk producers in or near the village are not too many or too few. But he did not recommend, for valid reasons, credit societies taking up cottage industries as a side line. He looked forward to a time when producers and consumers would both be well organised in their own sphere and link themselves up at the top cutting out private traders. This is yet an ideal for co-operators to strive for not only in Coorg but elsewhere in India.

THE 15TH ANDHRA PROVINCIAL CO-OPERATIVE CONFERENCE

The 15th Andhra Provincial Co-operative Conference was held in a rural environment at Kanchili at the end of June. The address of the Chairman of the Reception Committee Mr. P. Kameswara Rao had some sound points of criticism from the co-operative point of view; but strangely enough he wants a hierarchy of co-operative credit structure, at the top of which should come the Reserve Bank of India as "the main controlling authority". Opening the Agricultural and Industrial Exhibition, Mr. G. Viswanadham Chetty, Joint Registrar of Co-operative Societies, Madras, reviewed the working of different types of societies and explained the difficulties of the Department in carrying out certain suggestions made, e.g., tacking on of cottage industries as a subsidiary line to rural credit societies. The address of the President of the Conference, Mr. V. Viyyanna, was very elaborate and covered almost every field of co-operative activity. He did not confine his observations to the societies and their transactions in the Andhra Desa but spoke of the whole province. He drew up a plan of co-operative development more or less on the lines of the All-India Planning Committee but with some differences. He wanted, for instance, every village to have a multipurpose co-operative society with a paid staff and not one for a group of villages. He wanted limited liability, in place of unlimited liability which was unpopular in Andhra Desa. He wanted more milk supply unions and societies in Andhra Desa as in the Tamil districts.

He was sceptical of the good that consolidation of holdings could do in an area where most of the ryots own an acre or a few acres each; only one or two owning a large area. He wanted strengthening of handloom weavers' societies, which were all in a bad way on account of decontrol and the competition of mills. He urged that they should continue under the Co-operative Department and not go to the Industries Department. He pleaded earnestly for more attention to the education of co-operators, the primary societies' members and panchayatdars in addition to education of employees. He strongly supported the scheme of Sri V. L. Mehta by which a compulsory levy was made on the profits of all societies towards building up an education and propaganda fund. Mr. Viyyanna would, in the first instance, have a part of the common good fund of societies pooled in every district for purposes of co-operative education and propaganda and for certain beneficent institutions like schools and hospitals for the welfare of co-operators and their families.

The Resolutions passed at the Conference covered practically the field surveyed by the President in his address and agreed with his views. The Conference went a little farther and asked for a separate Registrar of Co-operative Societies for the Andhra Desa and for the bifurcation of every type of provincial institution—the Provincial Bank, the Central Land Mortgage Bank, Provincial Marketing Society, etc. It wanted the abolition of sales tax on co-operatives. All this is understandable. But we do not know whether the construction of houses can be undertaken normally by a rural credit society. It seems to be a case of co-operative enthusiasm outrunning co-operative capacity.

ALL-INDIA CO-OPERATIVE INSURANCE SOCIETIES' MEETING

The third annual general meeting of the All-India Co-operative Insurance Societies' Association was held at Bombay on the 25th June. Extracts from the speech of the President of the Association, Mr. Madhav Lal M. Bhatt, and the resolutions passed at the meeting are published elsewhere. Mr. Bhatt rightly points out, in his speech, that co-operative insurance interests have not made themselves felt to the extent they ought to by the public or the Government. In spite of the persistent claims put forward from time to time, for certain concessions that should be extended to co-operative insurance societies on account of their special constitution and the particular class of clientele to which they cater, nothing tangible has been achieved so far. Special mention has to be made of the resolution passed at the All-India Co-operative Conference held at Madras in 1947 *

*This Conference notes the proposals contained in the Report of the Co-operative Planning Committee in regard to Co-operative Insurance and is of the opinion that :

(a) the Government should subsidise rural policy-holders, who take out a policy for small amounts so that co-operative societies may be enabled to propagate life insurance among rural masses. Whereas it is a fact that the expense of field organisation and the cost of procurement of business from rural areas are on the high side and that there is an inherent higher mortality risk involved as the policies may have to be issued without medical

The resolution was based on the recommendations of the Co-operative Planning Committee (1946). More than a year has elapsed since then. We do not know when or whether the Government proposes to grant the necessary concessions. The 3rd annual meeting of the Association reiterated the demands. We feel that it is high time the Government takes up the matter without further delay.

Representation of the co-operative insurance interests on the Insurance Advisory Council was rightly demanded at the meeting. It is really surprising how the Government could have overlooked the existence of co-operative insurers and the special problems they have to face, while constituting the Advisory Council. We suppose the omission was unintentional and trust that the Government will give due recognition to the interests of co-operative insurers by nominating one of their representatives on the Advisory Council.

The speedy organisation and functioning of an all-India insurance society on co-operative lines was one of the subjects considered at the meeting. We trust co-operators all over India will interest themselves in this and see that an all-India co-operative general insurance society functions very soon.

We entirely agree with Mr. Bhatt that while the co-operative insurers are expected to cater to the life insurance needs of rural population in

examination, the premium required to be charged to rural policy-holders will naturally be higher than that charged to urban population. This Conference strongly urges upon the Co-operative Insurance Societies to see that such difference in premium does not exceed 25 per cent of the regular premium and requests the Government to subsidise the difference so that the benefit of insurance may be made available to the rural population at the same rate of premium applicable to the urban population.

(b) the benefit of insurance cover through co-operative insurance should be made available to the industrial workers and other employees. In the considered opinion of the Conference, unless co-operative insurers are permitted to recover the premium at source from the salaries, it is not possible to extend the benefit of insurance schemes to this class. This Conference, therefore, very strongly recommends that the Payment of Wages Act and the orders thereunder be amended suitably so as to permit deduction of premia from the pay sheets in respect of policies taken by industrial workers and other employees from co-operative insurance societies.

(c) Co-operative Insurance Societies should be encouraged by payment to them of interest at 1 per cent above the Reserve Bank rate in respect of the Statutory Deposit and the proportion of their liabilities which are required to be invested in approved securities under the Insurance Act and Co-operative Societies Act.

(d) As recommended by the Co-operative Planning Committee the Central Government should exempt Co-operative Insurance Societies from the payment of income-tax on the interest derived on their investments.

(e) The Government should take steps to implement the recommendations of the Co-operative Planning Committee in regard to the Insurance of Cattle and Crops, but as regards Cattle Insurance, after the initial period, control or organisation of Cattle Insurance should be entrusted to Co-operative Insurance Societies.

particular, which the joint stock insurers cannot adequately serve, the co-operative insurers have not touched even the fringe of the problem. If at present any handicaps are experienced, they should be removed. We trust co-operators all over India will pay earnest attention to this aspect and take an active interest in the development of co-operative insurance among rural folk.

In the last resolution passed at the meeting, the attention of the Association was drawn to the various Acts of the Central and Provincial Legislatures whereby certain insurance covers, such as Motor Insurance cover, were made compulsory. The Government of India and Provincial Governments were requested to entrust the administration of such compulsory insurance schemes to co-operative insurers only. We feel that the demand is quite justified. Compulsory insurance schemes of any type are undertaken in any progressive country by the State itself. But here when the State is not able or inclined to conduct such schemes by itself, preference ought to be given to co-operative insurers in the working of such schemes.

It is gratifying to note that the concession of issuing policies for smaller sums by co-operative insurance societies, which was taken away in 1946 with the Insurance Amendment Act, has now been restored by the Dominion Government.

When the avowed policy of both the Central and Provincial Governments is to stimulate and aid co-operative enterprise in the interests of the development of national economy, we feel that co-operative insurers have a bright future before them and the All-India Co-operative Insurance Societies' Association should keep a vigilant eye on their working while safeguarding their interests whenever necessary.

INTERNATIONAL CO-OPERATIVE CONGRESS

Co-operators in India will be glad to learn that Dewan Bahadur Professor Hiralal L. Kaji, President of the All-India Co-operative Institutes' Association and the Indian Provincial 'Co-operative Banks' Association and the Chief Editor of this *Review*, has been invited by the International Co-operative Alliance to attend and participate in the International Co-operative Congress and the auxiliary conferences to be held at Prague in Czechoslovakia from the 20th to 30th September 1948. He is also requested to deliver a lecture on 'Co-operation and Rural Reconstruction' at the International Co-operative School.

Prof. Kaji proposes to visit, after the conferences are over, the leading co-operative institutions in England and Europe. He is accompanied by Mr. B. J. Patel, Honorary Secretary of the Indian Provincial Co-operative Banks' Association, Mr. V. P. Varde, Managing Director of the Bombay Provincial Co-operative Bank and Mr. K. H. Kaji, who is to join the International Co-operative School. Co-operators in India would wish them a very happy voyage, a very useful tour in Europe and safe return to India by the end of the year.

INTERNATIONAL CO-OPERATIVE CONFERENCES, PRAGUE
September, 1948

PROGRAMME

11th to 25th : International Co-operative School:

Mr. C. H. Barbier of Switzerland will be the Principal of the School.

A series of Lectures will be delivered by representatives of the different countries. A whole day will be set apart for each lecture. The lectures are on the following topics:

1. Co-operative Movement—Its development up to 1939.
2. British Co-operative Situation.
3. Co-operation and Politics.
4. Co-operation and Public Authorities.
5. Co-operation and Industry.
6. Co-operation and Rural Reconstruction.
7. Consumers' and Producers' Relation.
8. The Changing of Co-operative Philosophy.
9. The Role of the Press.
10. The Role of Education.
11. International Co-operative Trade and Protection.
12. Advantages of the Co-ordinated Co-operative Structure.
13. Summing up of all the lectures and discussion and the conclusions to be drawn therefrom.

20th : International Co-operative Press Conference

21st : " " Educational Conference

22nd : " " Workers Productive Conference and Youth Conference.

23rd : " " Banking Conference and Women's Guild Conference.

24th : " " Assurance Conference and Women's Guild Conference (contd)

**25th : Morning : Meeting of the International Co-operative Trading Agency
Afternoon : I. C. A. Executive.**

26th : Meeting of the Central Committee of the I. C. A.

27th to 30th : International Co-operative Congress.

STATISTICS RELATING TO BANKS IN INDIA

PLACE OF CO-OPERATIVE BANKS

By

R. G. SARAIYA

The Statistical Tables relating to Banks in India for the year 1946 were recently published by the Reserve Bank of India. As usual they provide a wealth of classified information which will be useful not only to the students of economics and banking but also to the business community in general. The fact that the information compiled in the above publication is very useful tempts one to make some suggestions for making it even more comprehensive. In this note, however, I propose to deal mainly with the co-operative banks only.

Non-Scheduled banks have been divided into four classes :—

- (A) Banks which have paid-up capital and reserves of Rs. 5 lakhs or over ;
- (B) Banks which have paid-up capital and reserves between Rs. 1 lakh and Rs. 5 lakhs ;
- (C) Banks which have paid-up capital and reserves between Rs. 50,000 and Rs. 1 lakh ;
- (D) Banks which have paid-up capital and reserves of less than Rs. 50,000.

On the other hand, statistics relating to co-operative banks are subdivided into two classes only :

- (A) those with paid-up capital and reserves of Rs. 5 lakhs and over ;
- (B) those with paid-up capital and reserves between Rs. 1 lakh and Rs. 5 lakhs.

It is necessary that statistics relating to smaller co-operative banks should also be included in these tables, so as to make available to the public data showing the total strength of co-operative banking. After all, co-operative banks cannot be said to be less important than non-scheduled banks, and they serve very often classes of the community which are not reached by other types of banks.

There is another serious omission in regard to statistics relating to co-operative banks. Investments of these banks in Government and other securities are not shown at all. Table 12 relating to co-operative banks displays deposits and loans held by co-operative banks from Government. It should also display the investment in Government securities of the co-operative banks, especially as their investments in Government securities run into very respectable figures indeed. The investments of co-operative banks in Government securities will far exceed their " loans from Government ". Apparently, it has been overlooked that co-operative banking also has to be worked on principles of sound banking, and a considerable proportion of co-operative deposits have to be and are held in Government

securities. The tables of the Reserve Bank of India provide no column for investments by co-operative banks in Government securities, while they provide a column for deposits and loans held by co-operative banks from Government. This seems to arise from a mis-conception of the working of co-operative banks and is likely to mislead the public as to the standing of co-operative banks. It is, therefore, urged that in the next publication of the Reserve Bank there should be three columns showing (1) investment in Government and other securities and fixed deposits with banks, (2) premises, immoveable property, and (3) other assets—for co-operative banks, as there are for scheduled and non-scheduled banks.

In view of the fact that the Reserve Bank of India publishes separate statistical tables relating to the Co-operative Movement, it is not proposed that they should give further details regarding co-operative movement in the consolidated tables relating to all banks in India, but at least the information relating to co-operative banks in this publication should be as comprehensive as it is for scheduled and non-scheduled banks. It would, however, be useful if figures relating to Central (including Provincial) Co-operative Banks and Urban Co-operative Banks are shown separately for the benefit of the general public and in the case of the former, a separate column is added showing the extent of accommodation received from the Reserve Bank.

In the following table an attempt is made to show at a glance the relative importance of co-operative banks in India. Obviously the information is incomplete; because, as shown above, the smaller co-operative banks are not included; nor are their investments in Government securities shown in the table:

	Scheduled banks excluding Ex- change Banks (but including Imperial Bank of India).		Non-Scheduled Banks.		Co-operative Banks with capital and reserve of Rs. 1 lakh and above.	
	1938 Rs. In lakhs	1946 Rs. In lakhs	1938 Rs. In lakhs	1946 Rs. In lakhs	1938 Rs. In lakhs	1946 Rs. In lakhs
Capital & Reserves ...	2,211	5,597	874	1,355	1,000	1,430
Deposits ...	17,329	89,590	1,484	12,241	3,523	7,137
Loans & Advances ...	8,599	40,131	1,216	6,811	2,900	3,526
Cash in hand & with Banks.	2,244	16,321	181	3,394	213	738

In conclusion, I would like to mention that the Reserve Bank of India would be able to furnish the additional statistical information relating to co-operative banks, only if such information was supplied regularly to them. In order that the full and correct position of co-operative banks may appear in the Statistical Tables prepared by the Reserve Bank relating to all banks in India, I trust that the Registrars of Co-operative Societies of all the provinces and States in India and co-operators in charge of co-operative banks will regularly supply the necessary statistical material to the Reserve Bank

CO-OPERATIVE URBAN CREDIT IN BIHAR

By

RAI SAHIB A. B. N. SINHA

Urban co-operation has not been able to make much headway in Bihar and the reasons in brief are :— (1) comparative smallness of the urban population, (2) absence of small scale industries, (3) want of any important trade centre and (4) dearth of any sustained effort on the part of the State to make propaganda or develop industries.

Bihar, with an area of 69,745 sq. miles, has a population of 3,63,40,000. There are only 68 towns with an average population of over ten thousand as against 68,889 villages. The urban population spread over these 68 towns is barely 19,00,000 as against 3,44,40,000 rural population. Of the towns, again, only three have a population of over a lakh, eight a population of over fifty thousand and 14 a population of over twenty thousand and 43 a population of over ten thousand and below twenty thousand.

The latest departmental figures available disclose the existence of 86 urban credit societies. Of these nine were of a provincial nature, sixty six of salary earners, and six of wage earners formed on communal basis, leaving only five societies to cater to the trade needs of the population. The introduction of communalism in co-operation is of a much later date and it is to be regretted that this exists in the metropolis of the Province. Co-operation knows no communalism and claims to be above all castism, but we here in Patna seem to have succumbed to this highly un co-operative evil. Five societies to cater to the trade needs of the 68 towns of Bihar is a sad picture indeed !

The industries in Bihar are mostly in the hands of capitalists. Jamshedpur is mainly owned by one company and the 28 co-operative societies that exist there confine themselves to meeting the needs of the wage earners employed in the *Tisco*. The question of financing the industry does not arise there. There are other towns with small scale industries, such as the glass industry of Patna, the durrie weaving, the hosiery factories, the steel trunk making, oil pressing and tranning, but there does not exist any organised effort to assist these industries. Bihar still seems to be thinking in terms of pre-fifteenth August 1947 and the Co-operative Department has neither the time nor the desire to turn its attention to the development of small cottage industries. Money there is in plenty and can be raised too if necessary but there is wanting the will to help the people, the intelligence to devise ways and means and the energy to carry through any scheme. The result has been a total blank in the ideology of those entrusted with the task of utilising co-operation for the amelioration of the condition of the common man.

Bihar has been hopelessly dependant on towns outside the province for trade. It hardly deals directly with foreign countries and is content to

play the role of a sub-agent. Even then if adequate trade facilities are to be given traders' banks have to be set up in all important towns. Co-operation has a dismal record to show in this direction. There are quite a large number of commercial banks in Patna town that finance trade. Some of these indulge mainly in this kind of business. In mofussil towns, grain business is handled through commercial banks. All these could be taken over by co-operative banks, if only the required guidance be there. In this Province the Department has never tried to explore these avenues of development and it strikes me that the machinery has proved itself to be too strong for the individual man and has robbed him of any initiative that he may have possessed. The preponderating influence of banks of other provinces over the trade here has but succeeded in strangulation of trade that is witnessed today. If trade in Bihar is to flourish, there should be a net work of traders' banks, preferably run on co-operative lines, but at any rate by local people and with local capital.

It is no use rattling over the dead bones of what might have been. It is no use blaming how in the development of towns co-operative societies were not utilised, as elsewhere. It is no good accusing the previous Government of not encouraging small scale industries and almost killing indigenous trade and encouraging outsiders to capture Bihar trade. We had better confine ourselves to the present. In Bihar the following industries require to be developed without any delay:—

- (1) Blacksmithy—specially trunk and suitcase making;
- (2) Carpentry—wooden boxes, tables, chairs, beds etc ;
- (3) Tanning;
- (4) Pottery;
- (5) Bamboo and cane works;
- (6) Oil pressing;
- (7) Poultry and dairy farming;
- (8) Fruit preservation, fruit juice, pickles &c ;
- (9) Fisheries;
- (10) Stone wares;
- (11) Metal wares; and
- (12) Mica wares.

The materials for all these exist in abundance and in fact Bihar has an advantage over other provinces in these respects. What is wanted is a sustained effort to organise these industries and to finance them adequately. Some sort of protection and preference may be necessary in the beginning, but once organised and arrangements made for financing them, Bihar may claim soon to have shaken off its proverbial poverty. It is necessary that co-operative societies should be introduced if the fruits of these industries are to remain mostly in the Province. Exploitation by outsiders must cease and the only way to do so would be to set up co-operative organisations. Let there be a clear cut programme and complete co-ordination by the ministry.

The only small scale industry that has so far received State support in Bihar is weaving. Here too the development has been highly disappointing. The Bihar Government set up the Bihar Cottage Industries, which helped to thwart their development. The Industries Department had supervisors, mistries and master weavers, who instead of helping the weavers to organise themselves on co-operative lines, merely set up a rival organisation for supply of cloth. The Bihar Cottage Industries catered for the needs of Paris and London and cared not to teach Bihar how to clothe the half naked populace, dependant on Ahmedabad and Bombay to clothe its shame. Then again while during the first six months of 1944, the weavers' co-operative societies supplied to the Cottage Industries cloth worth Rs. 2,19,820, the master weavers and mistries of the Industries Department sold to the Cottage Industries cloth worth Rs. 1,60,900. That was the way to kill the co-operative weavers.

If that was the attitude of Government towards the handloom industry, worse still was the position in regard to steel trunk and suit-case making. Bihar has very good materials and still never was any attempt made to encourage the manufacture of these and even now Calcutta-make and Allahabad-make steel trunks are to be found in abundance in the local market. Similar is the case with mica and other metal manufactures, as also lacquer work, soap making, dyeing etc.

Cottage industries have a potentiality all their own. In Germany, before the War, full one-eighth of the population subsisted on cottage industries, the small producers being grouped into associations which bought raw materials for them in common and sold their finished goods. In Japan 60 to 70 per cent of industrial workers are employed in domestic industries and more than 50 per cent of the exports are produced in cottage industries. There are 20,000 handicraft co-operatives in Russia with a membership of 17,65,000. In China during the long years it was engaged in war with Japan, cottage industries were developed on a marvellous scale. India is a land of cottages and it is by the development of cottage industries alone that India can compete with the world and supply all its requirements.

The present policy of Government is to make each province self-contained as far as possible and to develop the material resources to the best. If the agricultural population is to be helped, if agriculture is not to be the deficit economy as it now is, it is necessary that cottage industries should be developed in Bihar, where adequate raw materials are available. With the introduction of electricity in all the 68 towns of the Province, it would be possible to make the towns a haven of bliss and not to leave them as now as pits of poverty. With the development of urban banking is closely linked up the industrial and trade development of the Province; and the sooner Government's attention is drawn to this aspect of the matter, the easier would become the programme of financial mass improvement of the people of the province.

CO-OPERATIVE URBAN CREDIT IN BOMBAY

Contributed by

The Co-operative Department, Bombay.

Origin of Urban Banks.—Urban banks are originally intended to take a leading part in popularising the co-operative movement in rural areas by their example and do what the Luzette banks did for Italy. As the Co-operative Societies Act of 1904 contained no provisions for registration of central financing agencies, rural credit societies came to depend on urban banks not only for guidance but also for finance to some extent. The earliest of the urban banks to be registered in the province was the Gadag-Betegiri Urban Bank in Dharwar district registered in the year 1915 and this was followed by registration of a number of urban banks in other parts of the province. The emphasis laid by the Maclegan Committee on Co-operation—1915 on the need for organization of co-operative urban banks to provide banking facilities and develop the banking habit in areas not served by joint stock banks acted as an impetus to the registration of urban banks all over the country and particularly in the provinces of Madras and Bombay. This province has still maintained its lead in the development of urban banking.

Need for Urban Banks.—Experience so far gained in this province shows that with joint stock banking enterprise confined practically to major towns and to big merchants and industrialists, it is urban co-operative banks that can alone cater adequately to the credit and banking needs of the middle class sections of urban communities engaged in various services, professions and small scale trades and crafts and can attract and mobilize their savings in major towns and in smaller urban areas to which joint stock banks have not extended their operations. In fact, the absence of ordinary commercial banks in a large number of comparatively smaller towns has been one of the factors responsible for the steady growth of co-operative banking in this province.

Classification and present position.—In this province, urban banks could be broadly divided into three classes, viz. (a) The People's Banks of the Schultze Delitze type membership of which is drawn from residents within a particular town, (b) Salary Earners' Banks which are mainly credit institutions affording banking services to a limited extent to salary earners serving in the same department or office and (c) Communal Banks where the unifying force is the communal feeling among men belonging to the same community.

The position of urban banks, along with other co-operative institutions, urban and rural, was examined by the Mehta-Bhansali Committee appointed

by the Provincial Government in 1937 and its report forms a land-mark in the history of the co-operative movement in this province. Several important recommendations relating to the future development of urban banking were made by it. Prior to these recommendations, every urban credit society including a salary earners' society whose working capital exceeded Rs. 50,000 was styled as a major urban bank. Accepting the recommendations made by the Committee, however, the Government of Bombay laid down that only those urban credit societies which actually do the business of banking as defined in section 277.F of the Indian Companies Act and have a paid up share capital of not less than Rs. 20,000 should be permitted to style themselves as urban banks. The number of full-fledged urban banks stood at 126 as on 30th June 1947. The salient features of the working of these banks are brought out in the following table :—

Description.	1946-47
Number of urban banks	... 126
Number of Members	... 1,08,110
Share capital	... Rs 80,09,380
Reserve and other funds	... „ 68,91,516
Working capital	... „ 9,69,56,407
Members' deposits	... „ 4,19,82,458
Average deposits per member	... „ 388
Non-members' deposits	... „ 3,72,81,831
Central Banks' loans and deposits	... „ 23,91,278
Profits	... „ 9,89,938
Percentage of profits to working capital	... 1.2
Cost of management	... „ 11,93,015
Percentage of cost of management to working capital	... 1.2
Usual rate of lending	... 4 to 9 $\frac{3}{8}$ per cent.
Usual rate of dividend	... 3 to 7 $\frac{1}{2}$ „
Usual rate of borrowing	... $\frac{1}{2}$ to 3 $\frac{1}{2}$ „
Loans due from individuals	... „ 3,07,05,064
Overdues	... „ 21,07,809
Percentage of overdues to loans due from members	... 6.8

Area of operation and membership.—It has been mentioned before that the rise of urban banks has mainly been helped by the comparative absence of joint stock banks. This factor has, however, exposed these urban banks to certain risks also. With the opportunities and unexplored fields available to them these banks are naturally tempted to approximate their methods to those followed by ordinary commercial banks, and to function virtually as joint stock banks under the guise of co-operative banks, by extending their membership and area of operation. This tendency is noticeable in the case of a number of urban banks in this province, though thanks to a better understanding and appreciation of the aims and ideals of Co-operation on the part of those responsible for their

management, there are also a good many other banks which are trying to remain true to their co-operative character not only in form but also in spirit. Urban banks in this province have been demanding that in order to enable them to develop and widen their business, they should be allowed to admit nominal members, for which no general provision exists at present, and to extend their area of operation which is generally restricted to a particular town or city at present. There is also a demand from them, for being permitted to open branches at taluka and other places in a district which have no separate organizations of their own. It has been pointed out, in so far as the question of nominal membership is concerned, that in many cases, members of urban banks carry on their trades in partnership with persons ineligible for admission as ordinary members and that while these partners benefit by the advances made by an urban bank to a member they are free from any obligation to the bank, reducing to that extent the security of the bank. In view of this, differently there would appear to be no objection to admit such persons as nominal members, provided that, as recommended by the Bombay Co-operative Banks' Association, such admissions are for the restrictive purposes of making them liable to arbitration under the Bombay Co-operative Societies Act. Certain urban banks in this province have also been permitted to admit as members joint stock companies having their registered offices in the same area, subject to the condition that no advances are made to them except against Government and Trustee Securities. As regards extension of the area of operation, the position in this province is that such extension is likely to affect adversely the interest of district central banks, which, in addition to their main business of rural finance, have also been permitted to admit and finance individual members and to undertake general banking services. Extension of the existing areas of urban banks cannot, therefore, be ordinarily permitted except in consultation with the district central banks concerned. As regards branch banking, there should be no objection to allow urban banks to open branches at taluka and other places provided that they are closed down when separate local organizations are formed to which their business could be transferred. Proposals for allowing urban banks to admit nominal members and to open branches on the lines indicated above have recently been submitted by the Department to Government whose orders are awaited.

Form of liability.—In the natural absence of mutual contact and of an urge for mutual trust and aid, limited liability is the most suitable form of liability in the case of urban banks. It is this form of liability which has been adopted by all urban banks in this province

Owned Resources.—(a) *Share capital.*—By accepting limited liability urban banks naturally reduce the security offered to outside creditors and depositors. In order to provide themselves with the requisite resources for their business, they have to provide some sort of guidance in place of unlimited liability. This is done by the issue of shares usually in

denominations of Rs. 5 or 10 often made payable by instalments. As share capital forms the main security for depositors and creditors, the larger the amount of share capital of an urban bank, the greater the credit that it can command. Owing to the restrictions placed by the statute on share holding to Rs. 3,000 in each individual case, and on dividend which is limited to a maximum of $7\frac{1}{2}$ per cent per annum, increase in share capital in an urban bank is generally slow and halting. The existence of an adequate share capital once accumulated, however, serves as a mutual guarantee of safety to creditors and as a moral guarantee of careful management to the members whose spirit of thrift it represents.

(b) *Statutory reserve fund and other resources.*—The object of the reserve fund is to increase the financial strength of a bank and to serve as a guarantee for savings and deposits and to make the bank ultimately independent of outside help. The greater the amount of its reserve fund, the greater the chances of a bank obtaining cheap finance from outside and the greater its opportunity to make advances at lower rates of interest. Under the provisions of Section 29 of the Bombay Co-operative Societies Act, urban banks, in common with other resource societies, are required to contribute not less than 25 per cent of their annual net profit to the statutory reserve fund. Besides the reserve fund, many banks build up other funds such as building fund, reserve for bad and doubtful debts and the like, out of annual profits to strengthen their financial position. Under the administrative orders of Government, all non-agricultural credit societies including urban banks which obtain any portion of their working capital by deposits are required to invest an amount equivalent to the amount of reserve fund or deposit liability, whichever is less, in gilt edged securities.

Borrowing.—Besides the share capital and reserves which by themselves would furnish a narrow basis for a bank's operations, urban banks accept deposits as the cream of all banking business consists of profits on deposits. Funds occasionally raised by urban banks in the form of loans or cash credits from district central banks form but an insignificant part of the working capital of urban banks. The rates of interest allowed by an urban bank on the fixed, savings and current deposits raised by it depend among other factors, on its reputation for good management and sound banking. The usual rates of interest prevalent in this province range from $1\frac{1}{2}$ per cent on current accounts to 4 per cent on fixed deposits. The existence of substantial amount of fixed deposits enables a bank to tide over temporary difficulties, if its loans are frozen and the percentage of overdue arrears is heavy. The savings bank deposit system acts as an active and direct encouragement to thrift by affording a valuable channel of investment of small savings, and urban banks are able to collect a decent amount of their working capital in this form without putting the management into great difficulties. But the most important class of deposits in an urban bank is its current deposits which serve to enable it to popularize deposit banking and to foster banking habit among its clientele. The ability of an urban bank to

use the funds raised by it on current accounts depends upon the extent to which it has developed inland exchange business.

In order to check any tendency on the part of an urban bank or any other limited liability society to go in for high period outside borrowings on an excessive scale, a limit on its borrowings has been imposed under Rule 8 of the Bombay Co-operative Societies Rules, 1927, whereunder it is provided that the total amount of loans and deposits which it can accept should not exceed eight times its paid up share capital, reserve fund and building fund minus its accumulated losses, if any. Owing to the abnormal conditions created by World War II, well-managed urban banks, in common with the Provincial Bank and District Central Banks and joint stock banks were flooded with deposits with the result that they were finding it increasingly difficult to keep their deposits within the limits imposed under Rule 8. The provisions of this rule have been relaxed by the Provincial Government in the case of banks approved for this purpose by the Registrar and the banks were allowed to incur liabilities in excess of 8 times but not in excess of 12 times their paid up share capital, reserve fund and building fund less accumulated losses, subject to certain conditions. The position in this respect has not materially changed even after the termination of the War and the question of extending the period of relaxation which has expired on 16-4-1947 is under the consideration of the Provincial Government. The heavy influx of deposits in co-operative urban and central banks necessitating such relaxation affords a striking indication of the confidence imposed in them by the investing public.

Fluid Resources.—There is an obligation both legal and moral on a bank, whether it is joint stock or co-operative, that it should always be in a position to meet the claims of its depositors promptly on demand or otherwise depending on the type of deposit. Any remissness in discharging this obligation is bound to affect the credit and reputation of bank to involve it in serious consequences, notwithstanding the fact that all its loans may be well-secured. It is, therefore, of utmost importance to all banks to keep a certain amount of their resources in an easily realizable form i. e. in liquid or fluid assets and that such assets should bear a certain proportion to the deposits held by them. Rule 18-A of the Bombay Co-operative Societies Rules and orders of Government prescribe that all limited liability societies which obtain any portion of their working capital by deposits shall maintain such fluid resources as may from time to time be prescribed by the Registrar. According to the scale prescribed at present, these banks are required to maintain fluid resources to the extent of 60 per cent of their current accounts, 50 per cent of their savings bank deposits, 33 per cent of the fixed deposits maturing during the next quarter and 60 per cent of the undrawn portion of assured cash credits and over-drafts granted to customers. For the purpose of counting the actual provision of fluid resources, banks are allowed to include cent per cent of the cash held by them in hand or with other bankers and of the undrawn portion of cash credits or

overdrafts secured by them from the Provincial or Central banks, and 90 per cent of the value of their investments in Government and Trustee Securities and of the amount of overdrafts and cash credits admissible to them. The quarterly finance statement which each bank is required to submit indicates whether it is conforming to the standard of fluid resources indicated above.

Employment of Funds.—(a) *Advances*:—As stated before, urban banks in this province cater particularly to the credit and banking needs of such middle class sections of urban population as petty merchants and traders, artisans and craftsmen, and small industrialists and professional men. Agriculturists, usually the bigger farmers and landholders with city-connections, are also accommodated by some older banks though the number of agriculturist members and the amounts advanced to them bear a trifling proportion to the total membership and finance of such banks. In order to curb the tendency of urban banks to go in for advance solely against mortgage of immoveable property, it has been laid down by the Provincial Government in the recommendations of the Mehta-Bhansali Committee that immoveable property should be treated ordinarily as collateral and not the main security. Individual and total limits for advances against different types of security e.g. sureties, gold and silver, agricultural produce and other goods, securities, insurance policies, fixed deposits, etc. are also required to be provided in the byelaws of urban banks. As the resources of urban banks are mostly short-term, these lendings like those of joint stock banks have also necessarily to be short-term. Advances made by urban banks take various forms such as fixed loan, overdrafts, cash credits, hundi discount, etc. The terms and conditions on which these advances are granted are usually incorporated in separate sets of rules framed under the byelaws and approved by the Registrar. The Department has also framed a set of model rules in this behalf.

(b) *Investments* :—Investments or deposits of the funds by urban banks are governed by the restrictions imposed under section 37 of the Bombay Co-operative Societies Act which restricts such investments to Government savings banks accounts, trustee securities, shares of limited liability societies, and deposits with approved banks or bankers. Owing to the conditions created by the War and the growing confidence of the public in co-operative banks, most of the leading and well-managed urban and central banks in this province are flooded with deposits with the result that it has become increasingly difficult for these banks to find remunerative outlets for the investments of their surplus funds, regard being had to the provisions of Section 37. They have, therefore, been urging for some years past for being allowed a greater latitude in the choice of their investments. The Bombay Provincial Co-operative Conference held in 1945 also recommended that in relaxation of the restrictions imposed under Section 37 of the Bombay Co-operative Societies Act, urban banks with a paid up share capital and reserves of Rs. 50,000 or over and with ten years standing should be allowed to invest 40 per cent of their surplus funds in such

a manner as their boards may determine. This recommendation has recently been endorsed by the Saraiya Co-operative Planning Committee. Regard being had, however, not only to the desirability of augmenting the income of co-operative banks, but to the necessity of providing proper safeguards for the depositors, it is, however, felt that a more cautious policy should be followed in this behalf. In the proposals recently submitted to Government, the Co-operative Department has endorsed the resolution passed on this subject at the Registrars' Conference recently held at Madras where-in it has been pointed out that the funds of urban banks should ordinarily be invested in Provincial or Central Co-operative Banks, but where such investment is not necessary, urban banks may be permitted to invest 15 per cent of their surplus funds, after providing for fluid resources, in such manner as their boards may unanimously determine in accordance with such terms as the Provincial Government may lay down-

(c) *Distribution of assets by Urban Banks* :—As business institutions, urban banks naturally prefer those forms of investment of their funds as could give them a high yield. At the same time, they cannot afford to ignore the cardinal principle of maintaining the safety of their funds. With a view to reconcile the two conflicting claims of yield and safety, urban banks in this province are advised by the Department to follow the policy of distribution of assets after considering the recommendations by the Reserve Bank of India in this behalf. It has been recommended that investments in advances of urban banks should not exceed 50 per cent of their working capital or 60 per cent of their deposit liabilities, whichever is less.

Banking services.—Collection of customers' cheques and bills and issue of bank drafts for inland remittances form the main banking service usually rendered by all urban banks in this province through their accounts with the Provincial and the District Central Banks. The concession of free remittance through Government treasuries for *bonafide* co-operative purposes, formerly enjoyed by co-operative banks, was withdrawn by Government some years back and such remittances have now to be paid for according to the schedule prescribed by the Reserve Bank of India. Mutual arrangements for inter-bank remittances between member-banks have been made by the Bombay Co-operative Banks' Association. Many of the urban banks, through their connections with the Bombay Provincial Co-operative Bank, also arrange for purchase and sale of securities and collection of interest coupons and dividend warrants on behalf of their customers, while a few banks have been recognized by Government for collection of salaries and pensions.

Non-banking services.—Apart from the above purely banking services, certain non-banking services like institution of provident fund for members, provision of medical and educational facilities, maintenance of

free reading rooms and libraries, installation of safe-deposit vaults, etc., are also undertaken by some of the bigger urban banks. In view of the difficulties in regard to securing an equitable distribution of domestic requisites amongst consumers, which were created by the War and which are still continuing, many of the urban banks, in common with other co-operative organizations, are also permitted to act as authorized ration dealers and wholesale agents for distribution of rationed and controlled articles. The terms and conditions governing this new type of business are incorporated in the model byelaws and rules framed by the Co-operative Department for adoption by co-operative organizations desiring to conduct distribution activities.

Concessions and privileges.—Urban banks enjoy a number of concessions and privileges like exemption from income tax, facilities for recovery of dues as arrears of land revenue, exemption from stamp duty and registration fees for documents below certain amounts, free audit for the first three years of registration, free registration of registration proposals and amendments to byelaws, etc. The concessions and privileges enjoyed by co-operative organizations including urban banks were primarily intended to promote the rural side of the co-operative movement; but while they have proved inadequate by rural societies, they have been fully exploited by urban societies. With the grant of increased autonomy demanded by urban banks, it is, however, felt that the future policy in this behalf should be that these banks should have the maximum of autonomy with the minimum of concessions. Instead of a wholesale withdrawal of all the concessions, all at once, however, it has been proposed recently by the Co-operative Department that the concession of free audit should be withdrawn and registration fees charged for registration of urban banks. A suggestion for taxing amendment proposals of these banks has also been submitted for the consideration of Government.

Constitution of Urban Banks.—The affairs of an urban bank are governed by a Board of Directors consisting of from 5 to 9 members elected by ballot at the annual general meeting, according to special election rules approved by the Registrar. Provision for retirement of a certain number of directors by rotation every year is also made in the bylaws of some banks. Services of directors are generally free though some banks allow sitting fees to them for board meetings. Default in repayment of dues and conviction for criminal offences are common grounds for disqualification of directors, while holding of certain minimum number of shares is made a qualification for directorship in some banks. Business is transacted at the board meetings usually held once a month and also through sub-committees and by circulation in some banks. In the case of a few banks, supervising council of 2 to 4 members, elected at the general meeting, is set up to supervise the work of the board of directors. The latter is, however, ultimately responsible for its management of the bank to the

general body, which holds the supreme authority and which deliberates on all questions of policy and controls and guides the board of directors.

Distribution of profits and dividend—In common with other resource societies, an urban bank has to carry out of its annual net profits, not less than 25 per cent to its statutory reserve fund and it is prohibited from declaring dividend at a rate exceeding $7\frac{1}{2}$ per cent per annum inclusive of bonus, if any, to the shareholders. Contributions to a dividend equalization fund, bonus to borrowers and depositors, contribution to such funds as bad and doubtful debt fund, building fund, honoraria to office-bearers, contributions to propaganda and charities, etc., form the other usual appropriation of the balance of net profits of a bank.

Audit and Supervision.—Apart from the annual statutory audit conducted either by departmental auditors or by approved professional auditors urban banks generally arrange for quarterly audit by their own auditors. With the formation of the Bombay Co-operative Banks' Association, membership of which is open to central and urban banks, these banks are no longer the isolated units that they were before and they can now count on valuable advice and guidance on questions of general policy affecting their working. Urban banks in Gujarat have also formed a supervising union of their own for general supervision and guidance.

Staff.—The efficient conduct of the business of an urban bank calls for ability of a high order on the part of its management and this could best be ensured, if the staff is well qualified and efficient and is well paid and has a reasonable assurance of prospects and security of tenure. A lead in this direction has already been taken by a number of progressive urban banks in this province which have framed special service rules and provident fund rules for the staff and which actively encourage the staff to get trained and qualified.

CO-OPERATIVE URBAN BANKS IN MADRAS

By

M. S. SESHACHALA AIYAR.

The first Co-operative Societies Act of 1904 contemplated the starting of both limited and unlimited liability societies. Limited liability societies were started in urban areas while all societies started in villages were of unlimited liability basis. The amended Act of 1912, classified the societies into rural and urban, agricultural and non-agricultural credit societies. Urban credit is quite different from rural credit in all aspects. Unlimited liability is the basis of credit in a rural society where every man's property is liable for the common debt whether one is indebted to the society or not. This undertaking is possible in a village where all residents are known to each other and their credit-worthiness is easily ascertained and collections are made during harvest. But in an urban area mutual knowledge is only problematical, credit always doubtful, source and extent of income are unknown.

Being a limited concern, the urban bank has to depend much on its own resources and the credit accommodation it may expect is very limited. It will have ample resources of its own, if it has a trust-worthy board and an efficient management. An urban bank should be started in a town only to arrest the exploitation of poor labourers, artisans, small industrialists and lower middle classes by the middlemen and sowcars. There are a few people who by frugal habits save a little and finding no safe place of investments lend to their neighbours for speculative purposes and often burn their fingers. Chits are started by individuals for their benefit and it is common knowledge that many of them bolt away after collecting large sums. There are marwaries and others who lend very small sums on the pledge of jewels, vessels and even cloths at very exorbitant rates of interest, at 6 pies or even one anna per rupee per month and many of the things pledged are taken away by them under a farce of a public sale. A house built by borrowing some amount from a creditor becomes the property of the creditor eventually. As the exaction is very large and beyond the means of the borrowers, demoralisation sets in and the tendency to evade and cheat by any means and declare insolvency becomes the normal course with the unscrupulous men.

Such a state of affairs has to be tackled by co-operative urban banks, whereas in a rural society only distribution of credit is to be made for the agricultural operations and the same collected during harvest. It also helps in selling their produce and infuse thrifty habits. It is commonly remarked in some quarters that a co-operative urban bank is in no way better than a joint stock bank and it has no co-operative character. The aim of this article is to disabuse the minds of co-operators of any such idea and to make them realise the possibilities of rendering humanitarian and

voluntary services by the urban bank to uplift the deserving families of labourers, artisans and petty traders by inculcating co-operative habits among them.

An urban bank gets its financial resources by local deposits of various kinds. It helps even the street vendor to save some thing and accumulate. It has got a system of taking daily deposits from one anna to one rupee daily for 100, 260, 300 or 365 days and a small interest is also paid. The labour involved in getting such daily collection and keeping accounts and pass books will in no way be compensated by the temporary utilisation of the funds. The only object with which such deposits are entertained is to help the poor to save some thing by thrifty habits. Once one begins to make a daily deposit it not only continues but the saving also is increased. This unprofitable business will not be undertaken by a joint stock bank. The urban bank is a society of borrowers and it is not share banking. A number of needy, honest and hardworking people in an urban area join together and form an urban bank. They provide efficient management and the Board is composed of members chosen by the general body for their public work, honesty, and trust. Such a board commands much influence and all available savings are entrusted to the bank. The accumulated funds are distributed among its members as loans for productive purposes mostly on monthly repayment system and are very carefully watched. The rate of interest on deposits and that on loans are fixed in the by-laws allowing a fair margin for working expenses and dividends. As the bank can borrow by way of deposits only about eight times its shares and reserve funds the share capital must be atleast $1/10$ the loan required by the borrowers. The profit after meeting the dividend and working expenses goes to the reserve fund. Hence a non-borrowing share holder is a parasite on others and he has no community of interest with the borrowers. His only concern is to get dividends at any cost. The sowcars and money-lenders have no place in any urban bank, because they could not be accommodated with loans and their presence in the board of management is of doubtful nature. There is no justification for the participation of dividend by non-borrowing members when the same is earned by borrowers only.

The members of urban bank are mainly labourers, artisans, and petty traders. A labourer wants a house to be built, a cart or a bull to be purchased, a cow to be bought or a land to be purchased. A small loan is raised on the surety of another member to be repaid monthly or even daily in small instalments and the loan is discharged. When once he acquires the frugal habit of repaying daily or monthly, he acquires a regular habit and gets more loans for useful purposes and his economic position is improved. Likewise an artisan instead of doing only cooly work wants to purchase some raw materials and manufacture articles and sell and get more profit. A petty trader instead of being a broker under merchant becomes a trader himself. All these avoid a chain of middlemen

who were exploiting these people all along. These loans are regularly repaid and every director takes very keen interest in collecting these loans, since they sanction them after obtaining personal knowledge of men and things. Careful lending, punctual collection, scrutiny of purpose of loans selection of members of character and vigilant watch over the outstandings are the guarantee of safety to depositors; and deposits are always on the increase in urban banks.

Joint stock banks care not for the purpose for which the loan is taken. Their only concern is whether there is adequate security for their loan. They lend only for mostly a year and on payment of interest and the security value remaining steady renew every year for a number of years and liquidation of debt by the borrower is not contemplated. In cases of valuable securities they allow accumulation of interest also for years in some cases. They will not undertake unprofitable business such as small loans and easy repayments and if they lend so, the rate of interest charged will be greater than that of big loans. But in a co-operative bank the purpose of the loan is the main consideration. The directors are selected to represent all parts of the area and they really feel themselves responsible for not only the proper utilisation of the loan, but also for its punctual repayment. Thus the investment of society's funds in loans is secure and earns the confidence of the depositors and the public.

The urban banks in Madras inculcate banking habits to its members and the public. The savings are collected in the shape of various deposits fixed, savings, current, recurring, homesafe and daily deposits. Loans are issued to members on personal sureties, on mortgage of immoveables on their own deposits and on jewels and bullion. The rate of interest on loans is almost very low as $6\frac{1}{4}$ per cent on all loans while the local lending rate is from 9 to 18 per cent. The period of repayment of these loans varies from 1 to 5 years mostly in monthly instalments except in the case of pure agriculturists. The bylaws are so framed as to insist on a regular habit of punctual repayments and the earlier and prompt coercive action in defaulting cases without any exception or partiality will ensure punctuality of repayments of all the loans issued by an urban bank. The most useful and facile credit is the system of jewel loans. Sowcars from Marwar and Gujarat go all the way to Southern India and deal as pawn brokers and earn lakhs of rupees in a few years and become wholesale merchants. Their ways of lending on jewels had attracted the attention of Government and the Pawn Brokers' Act was promulgated. Their banks are located only in urban areas. Even though there was provision for jewel loans in the bylaws of the urban banks, upto recent years, many had not made any attempt in that direction since the system involves serious responsibilities and risks—responsibility of safeguarding the pledged jewels intact and risks in valuation and spurious imitation. Jewel loans are mostly taken by villagers very largely so much so the sowcars deal in jewel loans only with villagers. There was no system of lending to villagers on

jewels by co-operative institutions and rural co-operative societies are quite unsuited for such transactions. Urban banks are now allowed to extend their jurisdictions to one or two taluk's area according to convenience only for issuing jewel loans and the borrowers are allowed to be admitted as a B class members with a nominal share capital of eight annas. The rate of interest on loans is only $6\frac{1}{2}$ per cent and the villagers have begun to take advantage of these terms. Since the Pawn Brokers' Act has been made applicable to all parts of the province the sowcars have shut their doors for this business and only joint stock banks and co-operative banks have been approached for these loans. As already observed small loans go to the co-operative banks. In the half year ending June 1948, the transactions of an urban bank reveals that the loans on jewels amounted to Rs. 1,20,770 in 1,107 loans of which 341 loans for Rs. 80,947 were for Rs. 100 and above, 152 loans for Rs. 3,671 were for Rs. 50 to Rs. 100, 597 loans for Rs. 36,020 were between Rs. 10 and Rs. 50 and 17 loans for Rs. 132 were all loans below Rs. 10. It will be seen there from that small loans are largely issued and 75 per cent of these loans are for agricultural purposes such as purchase of seeds, manure, bulls or digging wells. During the cultivation season the poor cultivators use the jewels for cultivation expenses and redeem them during harvest. It is a safe credit to be dispensed with by any bank. The villagers consider it a boon to get a loan at one pie per rupee as they were all along paying at not less than 6 ples per rupee, and it becomes a ready credit.

This kind of loan is very much on the increase in all urban banks, and it will be considered helpful if not even a single jewel is sold by public auction. Urban banks undertake transfer of funds and help trade and export and imports by issue of cheques, collection of drafts and hundies, etc. In so doing there are co-operative urban banks in almost all towns and they are mutually helpful in such transactions. A few suggestions may be in order in this article to be considered by the urban banks for their progress.

1. There must be an annual gathering of the representatives of urban banks of a province to consider their problems, to co-ordinate their activities and to formulate a common standard of procedure in the business of co-operative banking.

2. Urban banks must be allowed to entertain security deposits, court deposits and trust funds of the locality.

3. The rate of interest allowed on deposits and loans must be uniform in all urban banks.

4. In big urban banks, branches should be started.

CO-OPERATIVE URBAN CREDIT IN THE CENTRAL PROVINCES

By

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Urban credit societies have been in existence on a small scale in this province since the very inception of the movement. The members of these societies are generally persons getting small salaries or are struggling artisans and are often found to be in a state of indebtedness because of their low and inadequate incomes. Co-operative credit is as urgent a necessity for these people as for the agriculturists, in order to free them from the clutches of unscrupulous moneylenders. The progress made by these societies has been small, because almost exclusive attention has been claimed by the question of ameliorating appalling rural conditions, obscuring the equally urgent problem of alleviating the sufferings of ill-paid employees, sweated factory workers and exploited artisans.

The following types of urban credit societies are found in this province :—

1. Salary earners' societies (with limited liability),
2. Credit societies for Harijans (with unlimited liability),
3. Credit societies for mill hands (with limited liability),
4. Urban banks (limited).

Salary Earners' Societies.—There are three main types of salary earners' societies viz. (i) exclusively for government servants of particular departments, (ii) for employees of local bodies and (iii) for employees of mills. These societies mostly depend upon their owned capital for finance and are therefore, sometimes called 'independent societies'. There are 71 such societies (which include a few credit societies for mill-hands) with a membership of 23,222, share capital of Rs. 7.73 lakhs, deposits of members of Rs. 11.09 lakhs, non-members' deposits of Rs. 1.95 lakhs, and a total working capital of about Rs. 21 lakhs. During the year 1946-47, they advanced cash loans of Rs. 9 lakhs and made recoveries of Rs. 8 lakhs and had a loan outstanding of Rs. 20 lakhs at the end of the year. Overdue loans in these societies, however, increased from Rs. 1,00,635 to Rs. 1,18,994. These societies could not make much headway due to the constantly increasing cost of living and the consequent reduction in the members' repaying capacity. It is noteworthy that practically every big government office at Nagpur has got a credit society for its employees. One of these societies viz. 'The Central Circle Co-operative Society' has got its own spacious office buildings.

With a view to overcome the difficulty created in the working of employees' societies by the amendment of the Civil Procedure Code in 1937 whereby the non-attachable limit of salary was raised to Rs. 100 and also

to safeguard their interests, a provision is being made in the Central Provinces and Berar Provincial Co-operative Bill, which is under preparation, to the effect that a member may execute an agreement in favour of his society authorising the employer to make deductions from his salary towards the satisfaction of debts or demand owing from the member to the society and requiring the employer to make such deductions till the loan is fully repaid or the demand is fully satisfied.

Societies for Harijans.—There are 142 credit societies for Harijans i.e., sweepers chamars etc. These societies are affiliated to central banks and derive their finance mostly from them. They have a membership of 2,809, share capital of Rs. 16,282 and a total working capital of Rs. 1.79 lakhs. During the year 1946-47, they advanced cash loans to the extent of Rs. 1.51 lakhs and made recoveries of Rs. 1 lakh and has a loan outstanding of Rs. 1.57 lakhs at the end of year, of which an amount of Rs. 26,759 was overdue, as against Rs. 24,215 of the previous year. These societies also could not do better, mainly due to the present abnormal conditions in which the members with small fixed incomes find it difficult to make both ends meet.

Societies for Mill Workers.—There are a few credit societies for mill-hands, both in the mills at Nagpur and also at other places in the province. The most important among them is the Empress Mills Co-operative Credit Society, which has a membership of about 6,000 and a share capital of over Rs. 2 lakhs. This society has got a strong financial position. It has a reserve fund of Rs. 98,000 and other funds of Rs. 50,000. The total owned funds amount to over Rs. 4 lakhs. The loan outstanding at the end of 1946-47 was Rs. 3.78 lakhs. The family budget enquiry in 1941-42 revealed that 82 per cent of the factory workers' families were indebted. Credit societies for mill-hands are needed on a much greater scale to save them from the loan shark.

Apart from consumption credit, the small artisans and craftsmen also greatly need credit for production purposes. There are, at present practically no credit facilities of this type. It may, however, be noted that under the Rural Development Section of this Department, efforts are being made to revive suitable old village industries and start new ones.

A five-year scheme for the development of oil ghani industry has been put into operation since 1947. Under this scheme, in order to enable oil pressers in the interior to purchase the new type of ghanis loans are advanced to them through co-operative central banks at Rs. 300 per ghani and the total amount advanced so far for this purpose, was Rs. 69,000. But these credit facilities are few and far between and fall far short of the needs.

Urban Banks :—There are three urban banks in the province, of which only one at Amraoti is working; of the remaining two, one is dormant and the other is in the process of liquidation. The Peoples' Bank at

Anraoti which undertakes inland exchange and urban banking business, has 738 members, share capital of Rs. 32,624 deposits of members and non-members of Rs. 93,119 and Rs. 1,83,037 respectively and a total working capital of Rs. 4.18 lakhs. Cash advances during the year amounted to Rs. 20.45 lakhs and recoveries to Rs. 19.46 lakhs and the loan outstanding at the end of the year was Rs. 3.08 lakhs, of which an amount of Rs. 67,822 was overdue. This is an unsatisfactory feature of the working of the bank whose operations are yet on a small scale.

It may be observed here that the C.P. and Berar Provincial Co-operative Bank is doing a fair amount of urban and commercial banking through its pay offices, though lately it is being required to withdraw some funds from this business to finance the needs of co-operative central banks and non-credit societies. Some of the central banks are also doing this business. The total loans advanced by the Provincial Bank in this respect amounted to Rs. 2.36 crores besides discounting of clean bills of Rs. 1.95 crores and documentary bills of Rs. 71 lakhs.

It will be seen from the facts and figures given above that urban banking is being developed through the Provincial Bank and some central banks, which accounts for the absence of separate urban banks on any appreciable scale in the province.

In recent years, there has been a rapid expansion of trading and industrial societies and there is growing demand for credit from them. The Provincial Bank is finding it difficult to meet these demands with its present resources and may have to approach Government or the Reserve Bank for a loan for supplementing its funds.

The foregoing account shows that urban credit movement in this province has large leeway to make up and a comprehensive and energetic effort is needed in this direction. Stimulation and encouragement of thrift should be the primary object of employees' credit societies. The urban credit movement with its comparatively better quality of membership, should set an example to the rural credit movement in respect of practice of thrift, punctual repayments and sound business methods.

URBAN CO-OPERATIVE CREDIT IN TRAVANCORE

By

M. ARUMUKHAM PILLAI, L. Ag.

The co-operative movement in Travancore, which was inaugurated in the year 1914, was essentially credit in character and it principally served the needs of the rural population. The preponderance of agricultural population in the State and the anxiety felt both by the public and the Government to save the debt-ridden agriculturists from ruin and misery were no doubt responsible for this preference.

Even as rural credit is essential to the agricultural population, so is urban credit to the people dwelling in towns and cities. In Travancore the conditions are different from those in other parts of India. Practically throughout the habited area, people live in isolated houses. On account of this and other conditions peculiar to the West Coast there is no wide gulf between urban and rural areas. Naturally there has been no broad distinction between the urban and rural societies. Out of a total of 1,669 working societies, with a membership of 2,20,986 and a working capital of Rs. 1,08,37,249 only 18 societies with a membership of 11,700 and a working capital of Rs. 5,31,045 are classified as urban co-operative banks. This is not proportionate development in view of the fact that the urban population in the State is 11.4 per cent of the total population.

There are certain special reasons for the slow growth of urban credit movement in the State. The population in the towns consists mostly of middle class people and a few wealthy persons who are educated and mostly salaried classes or wage-earners. They have different avocations in life and their interests are divergent. There is no class of people of the category generally known as industrial population. Petty traders, small business men and persons who depend upon Government service for their livelihood congest together in these towns. Their financial requirements are met mostly by private money lenders and a net work of joint-stock banks and a few non-agricultural co-operative societies. The apex co-operative bank, *viz*, the Travancore Central Co-operative Bank, Ltd., and the Taluk Banks, 16 in number, corresponding to the Central Banks in the provinces, are working in the towns. These institutions are of a composite type, admitting as members societies and individuals. Loans were freely granted to individual members from these institutions. It is now only five years since this practice was stopped. Hence it may be noticed that there has been considerable overlapping in the matter of financing the urban population by the urban banks, taluk banks and other societies, such as Government servants' co-operative societies, teachers' societies, factory employees' societies and artisan societies, all of which performed functions which are similar. This kind of duplication in financing the members of

the same class of population was not conducive to the healthy development of the urban co-operative movement. The existing urban banks also show a predilection in favour of Government servants, presumably because they consider that realisation of money is easy. But by so doing the real object is lost sight of and the business men, petty traders and artisans inhabiting urban areas have not been benefitted to the desired extent by the urban credit movement. As it is, the urban co-operation has had an unassisted growth.

The first co-operative urban society was registered in the second year after the inauguration of the movement in the Parur town of the Taluk of the same name. After 16 years there were only 15 societies classified as urban banks. The working capital of none of them had reached even a lakh of rupees. The total working capital was only Rs. 4 lakhs. Compared with the progress of the co-operative urban banks in other provinces and States, the growth of these institutions in Travancore was very slow. The following statement shows the position of these institutions :—

Year. M.E.	No. of Banks.	Membership.	Working Capital. Rs.	Loans issued Rs.
1110	16	8,651	4,34,041	1,01,352
1113	18	10,449	5,59,219	19,5,368
1116	18	10,629	5,05,205	76,634
1119	18	11,588	5,43,355	54,459
1122	18	11,700	5,31,045	1,47,594

Of these only one co-operative urban bank, *viz.* The Trivandrum Co-operative Urban Bank, Ltd., has a working capital exceeding two lakhs of rupees. Next comes the Ponkunnam Co-operative Urban Bank, Ltd., with a working capital of about Rs. half a lakh. Two of the rest have only a working capital of about three thousand rupees and the rest a working capital ranging between the above limits. It may be mentioned that among the eighteen urban banks only two (already named above) have succeeded in approximating themselves to regular banking concerns with cheque system. But in most places the general level of interest rate has been brought down as a result of the working of these urban banks. It may be said that on the whole the urban credit movement has proved beneficial to the urban population though much headway remains to be made.

CO-OPERATIVE URBAN CREDIT IN COCHIN

By

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Urban credit is a phase of activity which has been recording substantial improvement year by year in this State.

These Societies consist of Town Banks in the important towns of the State, Government servants' societies, societies for municipal servants, police force, State force, and societies of salary earners of such big firms as the Tatas and Burmah Shell.

Supply of credit on easy terms forms the main function of these types of societies. Short and intermediate loans are given by all societies. A couple of societies which command long term money have embarked on long term building loans to their members. A few again give loans on pledge of gold and other valuables as well on produce pledged with them.

The thrift side is developed by these societies in several ways. The system of compulsory deposits on loans taken by members at 2 to 5 per cent of the loan amounts is one. These deposits carry interest at $6\frac{1}{4}$ per cent (even the same as the lending rates in a few societies and $\frac{3}{4}$ of the lending rates in a majority of the societies) and are repayable only on cessation of membership. These deposits have a triple advantage. They enable the societies concerned to have long term working capital. They give the borrowing members substantial amounts to their credit by small deposits taken from their loans over a long period and without affecting the borrowers. Such sums to the credit of the borrowers lessen the surety burden substantially.

Another feature of the thrift side is the system of monthly deposits extending to 12, 24, 36, 48 &c., months up to a maximum of 7 years. These monthly deposits are given a good rate of interest to make them very popular. This system has, however, not been taken advantage of by the members to the desired extent though its intrinsic merits deserve wide support.

A third feature is the starting of big and small chitties by societies, both big and small. These, especially those for small amounts and short periods, have become very popular. The margin of profit and penalty rates accruing to the foreman (societies in this case) have been fixed very low when compared with chitties run by the joint stock and other institutions and individuals to make them inviting to a large number of people,

Introduction of current, savings etc., accounts and cheque system is another system introduced by several of the urban societies for development of thrift.

The following are the figures of working of these societies for the last quinquennium :—

Years,	No. of Societies.	No. of members.	Working capital in Lakhs.	Reserve Fund in Lakhs.	Loans issued in Lakhs.	Net profit.	Percentage of overdues.
M.E.			Rs.	Rs.	Rs.	Rs.	
1118 ...	53	12,455	15.18	2.05	7.59	29,003	14.37
1119 ...	52	13,120	15.69	2.17	7.88	19,984	12.91
1120 ...	47	16,748	15.60	2.00	7.21	28,561	12.66
1121 ...	52	16,611	16.73	2.16	7.80	38,653	10.65
1122 ...	64	17,098	20.75	2.55	14.23	39,079	7.67

The above figures speak for themselves. With a view to see that the policies of working of these societies are unaffected by changing committees and that full time attention is devoted to their working, power was recently taken by amendments to the Co-operative Societies Act and rules enabling the Registrar of Co-operative Societies to insist on credit societies with working capital of Rs. 25,000 and above to appoint full time secretaries. Many of these urban societies have thus full time secretaries now with security of tenure, and benefits of provident fund; the working of the societies is more systematised.

It is not only the business side that is developed by these societies. The social side also received their sympathetic attention. Many societies have their own offices which maintain libraries and reading rooms. Many again subsidise libraries and other deserving public causes from out of their common good funds. A few societies have benefit funds from which they pay for the funeral expenses of their deceased members. One society has instituted a scholarship for the best student in the III form public examination from the school-going children of its members for study in the 3 years' high school course.

In regard to industrial credit, we have no special co operative institutions for them in Cochin. All the urban societies accommodate them. For a few specialised societies *viz.*, carpenters', leather workers' etc., the Cottage Industries Marketing Society at Trichur which markets their products finances them for purchase of raw materials, coolly advances etc.

NOTE ON CO-OPERATIVE URBAN CREDIT IN INDORE

By

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The Co-operative Urban Credit Societies in Indore State were started soon after the movement was introduced in the State in the year 1914. The first co-operative urban society was registered in the year 1917. To-day the total number of co-operative urban credit societies is 37, of which 32 are in the City of Indore and 5 are in five towns in the districts. Their total membership is about 17,589 and their total working capital is about Rs. 37,37,367 of which owned capital, consisting of shares and reserves, amounts to Rs. 11,13,533 and borrowed capital, mainly deposits, amounts to Rs. 26,23,834. The percentage of the owned capital to the working capital comes to about 30. The average membership per society comes to 475 and the average working capital per society comes to about Rs. 1,01,000. On the familiar assumption that a family consists of 5 members, the percentage of urban population (*i.e.*, of Indore City and district towns) served by the movement comes to about 15. This means that out of every seven families of the urban population, one family is in the movement.

There are 8 urban co operative credit societies for mill employees in Indore, 5 societies are of family benefit fund type, one society is for Harijans and one society is mainly of women. The remaining 22 societies serve the general urban population in the city and district towns.

Generally speaking the urban co-operative credit movement in Indore State is progressing well, its trend is towards expansion and it has a bright future.

As regards industrial credit, it has to be noted that a few industrial co-operative credit societies started long ago in Maheshwar could not survive for a long time owing to various reasons, especially competition of mill cloth, and are now practically defunct. Recently, however, a co-operative handloom weavers' society has been started at Maheshwar, which has been given by the Government facility by way of an advance of Rs. 25,000 at 3 per cent interest for yarn purchase.

THE MYSORE CO-OPERATIVE SOCIETIES BILL

SOME OBJECTIONS AND SUGGESTIONS

By

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The Mysore Co-operative Societies Bill has been published in the *Mysore Gazette* of January 1st 1948. Twelve years have gone by since the publication of the Report of the Committee on Co-operation in Mysore of which Rajadharma Pravina Diwan Bahadur K. S. Chandrasekhara Iyer was the Chairman, and the present Chief Minister of Mysore, Sri K. Chengaraya Reddy, was a member. Government appear to have very deeply meditated over the matter and a bill has after all come out, after perhaps the longest period of incubation. One is glad, however, that it is given to the Congress Government and in particular to Sri H. Siddiah, the Minister for Co-operation, to bring out the bill. There are several good points in the bill, e.g., (1) the power to societies to change their liability from unlimited to limited, (2) the power to societies to divide themselves into two or more societies, (3) the conversion into a first charge of the prior claims of societies in respect of certain kinds of loans, (4) the extension of the periods of limitation for claims of societies, (5) provision for certain facilities to wage-earners to borrow on the strength of agreements executed by them, (6) investing the Registrar with the power of control and supervision of the acts of the liquidators, and the power to attach and sell properties of judgment-debtors.

OBJECTIONS

(a) *Re : Byelaws and their Amendments.*—While one feels thankful for these mercies, one cannot fail to point out certain pernicious provisions. These provisions have one common feature *viz.*, the grant of additional powers to Government Officers. In these days of democracy, the tendency should be more towards divesting Government Officers of their powers rather than investing them with more, at any rate in fields like Co-operation. Even Municipalities and District Boards which are in practice more or less Government institutions are to have their own autonomy untrammelled by the riding whip of the Government Officers. It is unthinkable, therefore, that co-operative institutions which have, most of them, been managed all along by non-officials should be subject to official control and more and more official control. To quote from the report of the Chandrasekhara Iyer Committee. “the Government, in the best interests of the Movement, must not allow Co-operation to become an official concern managed by State establishments”. “Official control should be slackened whenever possible.” Again, “the prime duty of the official staff at the initial stages is to continue the teaching and instruction of members.....In

this part of their functions they must rely, not on executive powers but on powers of teaching, explanations and persuasion in order to produce tangible results." According to Wolff, the Registrars should not be set down as officials, but as guides, philosophers and friends to the societies appointed and paid by the State. Even as regards audit, the Committee say, "The Registrar must remain responsible for the control of audit *until the organisation is strong enough to arrange for an independent audit.*"

The 7th All-India Co-operative Conference, held on the 10th and the 11th May 1947, passed a resolution urging deofficialisation as Government policy and calling upon Government to begin to formulate steps necessary for deofficialisation at an early date. Diwan Bahadur H. L. Kaji, the President, speaking on the resolution said that the ultimate aim of co-operative organisation was Swaraj and 'good Government is no substitute for self-government'. The ideal is therefore deofficialisation or at least diminishing official control. It is surprising, therefore, that the bill which professes to be "intended to give effect to the recommendations of the Committee" should contain provisions for tightening the official control. The provisions referred to are clauses 10 (1), 12 (2), 13 (3), 14, 20 (5), and 39 (3).

Ever since the inception of the Co-operative Movement in Mysore, societies have been given the power to frame bye-laws. If the institutions were self-governing, the bye-laws would have a binding force immediately they were passed by the General Body of the institution. But in the existing law there is a provision to the effect that the Registrar is to be satisfied before registering a society and its bye-laws. According to Section 9 of the Co-operative Societies Act, now in force in Mysore, the Registrar is to be satisfied that a society has complied with the provisions of the Act and the Rules, and that its proposed bye-laws are not contrary to the Act or the Rules. What has the Registrar to do, if he is not satisfied? He can refuse to register the society. In the event of his refusal, an appeal lies to the Government. But it is to be noted that neither the Government nor the Registrar has any power to modify or add to the bye-laws. It is only the General Body of the society that can meddle with the bye-laws, and this is quite proper, because it is the society that is most vitally concerned with its welfare and it is the society that has to carry out or give effect to the bye-laws and no outside agency can or ought to compel the society against its considered opinion. Of course it is always open to the "friend, philosopher and guide" to advise or suggest, but the final discretion vests in the General Body of the society.

Similarly in the case of amendments of bye-laws of registered societies, the Registrar, according to the Section 11 of the Act now in force, may register the amendment or refuse to register the same but cannot impose his will upon the society by amending or adding to the amendment proposed. In the corresponding provisions of the published bill *viz.*, the clauses 10 (1) and 12 (2), the Registrar is sought to be empowered to modify or add to the

bye-laws as he thinks fit. These provisions are clearly additional inroads on the liberty and discretion of General Bodies. Besides these, a new clause clause 14, is introduced empowering the Registrar to call upon a society to make within a time specified an amendment of its bye-laws if it appears to the Registrar that an amendment is necessary or desirable. If the society fails to make the amendment within the time specified, the Registrar may after giving the society an opportunity of being heard, register such amendment and forward to the society in the manner prescribed a copy of the amendment together with a certificate signed by him which shall be conclusive evidence that the amendment has been registered and such amendment shall thereupon be binding on the society and its members. It needs hardly be added that this proposed amendment lays the axe, as it were, at the very foundations. If clauses 10 (1) and 12 (2) empowered the Registrar to meddle with bye-laws or their amendments passed by the General Body, clause 14 gives a power of initiative to the Registrar and he can *suo moto* conceive and register an amendment despite the opposition of the General Body of the society concerned.

(b) Re : Audit.—Clause 20 of the bill corresponds to Section 17 of the Act now in force. In this clause the auditor's work is specified in some detail, but audit remains the function of the Registrar. So far so good, but in the case of urban societies, the Registrar in practice 'causes to be audited' the accounts of the societies. The Registrar *appoints* the auditor, and the societies have no voice in the appointment. Apart from the undemocratic character of this step, it has to be observed that in practice the appointment is made so late in the year that the auditor, at least in the case of mofussil societies, arrives very late and has hardly time for one test audit. This is not at all in consonance with what ought to be. The Chendrasekhara Iyer Committee stated in their report that audit should be divided into two parts, preliminary and final and that the societies must be visited for preliminary and final audit at intervals of six months and that in urban societies with large transactions the reports of auditors may with advantage be prepared once every half year. In practice, as observed above, the audit which is only a test audit is only once, at any rate in the case of mofussil societies. The best method of selection of an auditor for a society is that of election by the General Body of the society out of a panel of qualified auditors nominated by the Registrar. This combines with advantage the democratic method and the Registrar's discretion. Resolutions to this effect have been passed by the Mysore Co-operative Conference for several years, and I have discussed the pros and cons of this matter in detail in my article published in the *Mysore Co-operative Journal* in its issue of February 1940. To this end the clause will have to be amended by adding the following proviso after 'every year' in clause 20 (1) 'provided that urban societies may at their option have their accounts audited by a qualified auditor elected by the General Body at its annual general meeting out of a panel of qualified auditors, nominated by the Registrar either generally or specifically for a particular area or a particular class of societies'.

In order to make half yearly audit the Rule Cl. 20 (1) may be amended by inserting 'half' between 'every' and 'year'.

Apart from these, a new sub-clause has been introduced. This is sub-clause (5). According to this, the report of the auditor with the statements of accounts prepared under Sub-section (2) *shall be final and binding on the society unless modified by the Registrar*. Apart from the mandatory character indicated by the auxiliary verb 'shall' it is laid down that the auditor's report is *final* and *binding*. The only saving clause is the modifying power of the Registrar. It is not clear why Government wish to invest the auditor's report and the Registrar with a sort of touch-me-notism. The auditor's report is sacro-sanct, unchallengeable and the only person that can modify it is the Registrar. It must be remembered that even the auditor is human, and the Registrar no less. There have been several instances in which auditors have committed errors, instances in which they have misunderstood the scope and range of co-operation and applied or sought to apply rigid rules and standards applicable to joint-stock companies and some times wholly inapplicable to co-operative societies. It is a sovereign right of the Sovereign Body, the General Body, to discuss the report and the statements of accounts prepared by the auditors and to criticise and, if need be, to modify the same. Why should these inherent rights of General Bodies be taken away? That famous and veteran co-operator, Sri V. Ramadas Pantulu, said at the fifth All-India Co-operative Conference held at Nagpur on the 4th April 1942 as follows :—'So long as the responsibility for the proper working of the institutions is laid on the shoulders of the non-officials and vast and detailed power of direction and control over the movement are vested in the official agency, I feel that there is no genuine scope for non-official initiative and enterprise in co-operation'. It is suggested that sub-clause (5) of clause 20 be omitted.

(c) **Re : Division of Societies.**—According to the last para of sub-clause (3) of clause (3) the opinion of the Registrar as to whether the changes made in the preliminary resolution are or are not material shall be final and no appeal is allowed. It is advisable to allow a right of appeal to Government.

(d) **Re : Inspection.**—Another provision in the bill which has evoked criticism is clause 39 (3). This provision is altogether new. According to this the Deputy Commissioner of the district in which the society is situated may at any time inspect the books, accounts, papers, cash and securities of the society, and every officer and member of the society 'shall furnish such information' as the Deputy Commissioner may require. That over-worked functionary, the head of a district in whom are vested various powers in various spheres—Revenue, Judicial, Police, Excise, Registration, Labour problems and Workmen's Compensation, is to be given one more power, the power of inspecting co-operative societies. While it cannot be denied that as a matter of fact there are some Deputy Commissioners who

have had considerable experience of co-operation and who take keen interest in matters of co-operation it is a fact that the majority are quite innocent of co-operation and it is unthinkable that that ubiquitous personality should be allowed to surprise co-operative societies. When there is so much of departmental agency for inspection, it appears unnecessary to introduce one more official, and one whose business is to execute decisions in co-operative disputes. It is not clear why, at that rate, a Superintendent of Police, a District Excise or Forest Officer or an Inspector of Schools should not be empowered to that end. The new clause therefore deserves to be omitted.

SOME SUGGESTIONS

(a) **Some Privileges.**—Some important recommendations of the Chandrasekhara Iyer Committee have not been embodied in the new bill. These are:—

(1) Extending to all societies the rule in Section 75 of the Act now in force—clause 98 in the bill—regarding the burden of proof in the case of mortgages executed by Manager of joint-hindu families. At present, this rule applies only to land mortgage banks or societies.

(2) A definite provision exempting all co-operative institutions from the operation of the Mysore Agriculturists' Relief Act.

(3) Extending in favour of all societies the privilege in Section 73 of the Act now in force (clause 96 of the bill) in the matter of exempting from appearance before the Sub-Registrar of any Director, Secretary or other Officer of the society to enable registration of the document. At present this rule only applies to land mortgage banks or societies. It may be observed that recently Presidents of Municipal Councils and of District Boards have been granted similar privileges.

It is suggested that provisions may be incorporated as mentioned above

(b) **Pensioners.**—A provision may usefully be added to enable pensioners to lodge their pension tickets with the society of which they are members and to obtain some accommodation. There are some pensioners whose only income is their pension and who have no properties and who are unable to provide sureties. Pensions are drawn by the societies on the pensioner's behalf and after deducting the monthly instalment the balance is paid to the pensioner. This saves the pensioners the worry of going to the treasury and waiting there. Objections have some times been raised by the Treasury Officers to the pensions being drawn by the societies and so a clear provision may be incorporated in clause 22 of the new bill.

(c) **Execution of Decisions.**—In the matter of execution of decisions also, some substantial as well as some verbal changes appear to be called for.

(i) In clause 54—to be in keeping with the nomenclature adopted in the bill—wherever the word “order” occurs, there should be “decision

or order." In practice, there is often times a serious difficulty. Considerable delay occurs in the Registrar's Office in transmission of copy of the decision to the executing court. There is some times need for the societies to take out execution immediately. In such circumstances it should be open to the societies to apply to the executing court direct and to obtain immediate attachment or other relief without the necessity of production of the certificate along with or prior to the filing of the application for execution. A proviso may be added to this effect.

(ii) Another difficulty experienced is that in civil courts a certificate is insisted upon *every time* an application is made to the executing court. This is wholly unnecessary and misses the object of transmitting to the civil court the decision in co-operative disputes. Instead of the transmission to civil courts being of help, it would be a hindrance. Another proviso may therefore be added to clause 54 of the bill, to this effect.

(iii) Sub-clause (2) of clause 54 of the bill is not clear. Strictly speaking, according to Land Revenue Code, there is no attachment of immoveable property in general. According to Section 156 (i) only alienated holdings can be attached. It is also not clear if 'attachment' has reference to civil courts. If it has reference to civil courts also, the Deputy Commissioner need not agree in cases of attachment by civil courts. The sub-clause requires to be clarified.

(iv) Clause 60 of the bill has reference to *limitation*. The word '*referring*' occurs both in sub-clause (1) and in sub-clause (2) of clause 54. The one has reference to "reference to the Registrar" the other has reference to "reference by the Registrar". It is advisable to clarify the position by substituting "52(1)" for "52" in sub-clause (1) of Clause 60.

(v) Sub-clause (3) of clause 60 of the bill is distinctly harmful and a disservice so far as the point of time from which limitation has to be computed is concerned. Since jurisdiction of civil courts is consequent upon resistance or obstruction, the point of time for computation ought to be *the date of resistance or obstruction*, because the certificate will have been issued long prior to the date of resistance or obstruction. Moreover, a distinct period of limitation, say *six months*, ought to be specified. The period of one month mentioned in Article 167 of the Limitation Act is much too short as the Revenue Machinery, no less than the Co-operative Machinery, moves slow.

(vi) Clause 64 requires to be further clarified to guard against the contentions of unscrupulous debtors. After the word "civil court" and before "for" these words *viz.* "and a decision or order passed by a Registrar, person invested by Government to decide disputes or an award of the arbitrator or an order by a liquidator under Section 48 (2) (b) and (e) shall be deemed to be decree or order of a civil court" are to be inserted.

(vii) Clause 65 requires to be amplified. The clause mentions (1) sale, and (2) sale without attachment. There are cases in which mere

attachment is quite enough. In cases of moneys belonging to debtors in the hands of third parties, mere attachment is enough. So the clause should have after "cost of process" the words "*by the attachment or*"

(viii) Another important omission is regarding *the effect of attachment* under clause 65. Whereas in clause 50, it has been expressly stated that "such attachment shall have the same effect as if it had been by a competent civil court," no such provision appears in clause 65. Such a provision is absolutely necessary, if the attachment has to have any meaning or effect. In the alternative, clause 64 may be amended by adding at the end thereof the words "and for the purpose of Section 64 of the Code of Civil Procedure (1911)". A third course would be to delete the sentence in clause 56 regarding the effect of attachment and to have a general provision (relating to attachments under the Co-operative Societies Act) similar to Section 64 of the Code of Civil Procedure (1911).

(ix) Another omission is as regards *the mode of attachment*. Nowhere is it stated as to how attachment is to be effected. It is advisable to state specifically that attachment is to be effected by the issue of prohibitory notices or as laid down in the Code of Civil Procedure.

(x) Definitions (f) "registered society" and (g) Registrar in clause 2 of the Bill may be amended by adding at the end, "or under the corresponding Act of the Union of India or any Province of India in case there is reciprocity between the Union of India or any of its Provinces and Mysore, for purposes of execution of decisions." This is in order to enable decisions of Registrars of Co-operative Societies in the Union of India or any of its Provinces being executed in Mysore in the event of there being reciprocity between the Union of India or any of its Provinces and Mysore.

CO-OPERATIVE MARKETING OF VEGETABLES

By

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Co-operative marketing of vegetables has not developed much anywhere in the world. This may be attributed to various reasons, the principal of which are; (i) unstable volume of production (ii) widely scattered area of production, (iii) diversified crop production by individual producers, and (iv) the perishable character of the crops. In foreign countries, particularly in the U. S. A., the main function of fruit and vegetable growers' co-operative associations is marketing. Even then, co-operative marketing exclusively of vegetables has not been common except in the case of particular crops growing in abundance in particular areas. The examples of such organisations are the potato associations in Virginia, Michigan, Maine, Minnesota, Idaho, Colorado, and Florida, and bean associations in California, Michigan and Idaho in the U.S.A. In many parts of the world, the growers of different fruits and vegetables have associated themselves into a single marketing organisation. The reasons are:— (1) The volume of any particular crop is not great enough to support a single commodity-marketing and (2) the nature of most crops is seasonal. In such circumstances, a single organisation makes for efficiency and economy in marketing.

Marketing Costs.—Most fruits and vegetables do not require much processing. So the processing part of the cost of marketing is low. But most of them are bulky and perishable. Their cost of transportation to long distances is high. The undeveloped system of transport in rural areas in India adds to this cost more than in other countries. It has been estimated that about 20 per cent of the consumer's price is spent on transportation alone. Some times only a third of the consumer's price goes back to the producer. There are various kinds of fruits and vegetables each with its own marketing problems. The marketing cost also differs in each case according to its perishability, wastage or shrinkage, and the cost of preparing it for marketing. To these are added the middlemen's remuneration and other market expenses.

Existing Market Practice in India.—It is almost a general practice in all parts of India that the vegetable crops of small growers are purchased by vegetable dealers or by big growers in each season. These people generally do their own marketing of vegetables. They have got their agents or Dalals in all important consuming centres. The goods are booked by trains or despatched in motor lorries to the names of the Dalals concerned on consignment account. The Dalal usually auctions the incoming stocks and tries to dispose it of as early as possible. Sometimes, he also undertakes retail selling of the vegetables. Each firm of Dalal

consists usually of a few of his relatives and employees. Each one attends to some job or the other. One man is regularly sent to the railway station. He takes delivery of the vegetables there and arranges to bring it to the market. These persons have got close contacts with railway clerks and the consignments are delivered to them with the least trouble and even sometimes in their absence to coolies. One man in the Dalal's firm keeps records of all arrivals of vegetables and all sales. He also makes out sale reports for such of the customers, as demand it on the spot. There are other expert subordinates or members who do the weighing, a job which requires an expert; for it is the weighing that makes an important contribution to the earnings of the Dalal. Not quite unoften, a simple buyer may lose in his purchases owing to the fixation of a smaller weight underneath the bamboo balance of the weighmen or by the false balance itself or by some of the finger tricks of the weighmen. The Dalals have some of their relatives as the retailers. Sales to such retailers are often made at the auctions by the Dalal on week-end credit. The Dalal has often to accommodate the customers like this; and has in that connection even to keep some of his own funds rolling. Such auctions are not always free from unfairness. The owners of the goods seldom accompany the vegetables. The known customers sometimes take away the packages at prices to be determined at the day's end or at such prices as the Dalal may offer at his sweet will. The stock-taking of the day's sales is done in the afternoon. Money is paid to such customers as are present, then and there. Payments are made even in respect of such varieties as might have been sold on credit. Then the coolies are paid for the day's loadings and unloadings. The rates of coolies and the carts are almost fixed and these agencies do their duties without the Dalal having to direct them much. Again, there are certain customers of the Dalal who (customers) ask for their sale report monthly or quarterly; or they come to the Dalal, find out their account and take payments. Not quite unoften, the Dalal prepares the sale report of one particular variety at a flat rate over a period although the consignments on different dates have been sold at different prices. The charges of the Dalals for their services differ at different places, although not widely. At Nagpur the charges are usually 4 per cent of the sale proceeds. At Calcutta, Tatanagar and Patna they are at $6\frac{1}{2}$ per cent. There are Dalals for purchasing also. Often the same Dalals do the work of purchasing and selling. The charges for purchasing are sometimes less. These also differ from article to article. In cases of things like seed-potato which are costly the charges at Patna are 2 per cent or two pice in the rupee of the purchase price. In addition to the commission of the Dalal, hammali, cartage dharmadah, municipal tax or any other customary charges are also deducted from the sale proceeds. In Calcutta market, there is a curious practice of paying 6 pies per basket or package for what is called '*Pagal Company*'. This '*Pagal Company*' is often represented at Howrah station by one seasoned "*Bhaiya*" who comes brandishing his staff and collects his "Toll" at the above rate and goes away. It is said that he is the leader of

a big gang of wanderers, who in the past snatched the vegetable baskets by force from the coolies or the carts when the consignments were on their way to the markets. That nuisance has been settled for some time on the above terms and the vegetable dealers are saved the ravages of these wanderers. This item is also entered in the sale reports as an item of selling cost.

The auction in Calcutta is done under *covered biddings*. Under this system, the bidder puts his hand under the tail of the usually long shirt of the Calcutta Dalal. Under that cover, they join their hands and the Dalal knows by the grip the amount of the offer. In this way, he joins hands with other bidders. Some words signifying acceptance or refusal of the offer are spoken. This system was intended originally to get free and unprejudiced offer of each bidder; but the Dalal sometimes turns it to his own advantage by keeping the sale price secret from the owner of the goods. Even generally, the broker, whom a grower is compelled to employ in larger markets, is more inclined to favour the purchaser with whom he is brought into daily contact than the seller whom he sees only very occasionally. Conversely, when the grower goes to the broker as a purchaser, it is the local seller who is more favoured than this grower-purchaser. At Patna, for example, if you were to go to a grower for the purchase of potato along with a Dalal, and if the Dalal on reaching the place picks up, say, two potatoes first, it would mean perhaps that you will have to pay Rs. 2 (rupees two) per maund more for the bargain; and that additional price would be the Dalal's secret share, to be taken by him later from the grower. This is one of the many subtle devices used by Dalals for cheating their customers.

The broker also sometimes receives goods on his own account by making an outright purchase of the stock sent to him or ordered by him. The vegetables, both on his personal account and on the consignment account, are sold at the same place and time; and this often works to the disadvantage of the consignor. The favourable offers are allocated to the personal stocks of the brokers.

With all this, this system of selling vegetables, or many other things for the matter of that, through brokers has grown fairly old and it has developed its own efficiency. The customer feels a sort of ease and confidence when he makes purchases or sales through the agent. The agents provide in or near their shops arrangements for the boarding and lodging of their customers. No co-operative effort appears to have been diverted in this direction, at least in India. In the U. S. A., the big vegetable and fruit Exchanges have got their own agencies at the auction points or the shipping ports and also in important towns of the European continent.

The Vegetable Extension Schemes during the War

The World War II gave a great fillip to the production and marketing of vegetables all over the world. In the U. S. A. the vegetable and fruit

industry developed into the magnitude of $2\frac{1}{2}$ billion dollars. In India also the military authorities organised in co-operation with the Provincial authorities, centres of vegetables under what were then called Vegetable Extension Schemes. The C. P. centres at Chhindwara and Bilaspur supplied as much as 250 maunds of vegetables per day to the military ; while centres in Ranchi and Hazaribagh districts in Bihar supplied as much as 800 maunds per day each. There are similar figures for all other vegetables centres organised by the military authorities. Such centres were a little over 100 in number all over India. Growers and dealers in the centres were organised into associations, some of which got themselves registered under the Co-operative Societies Act ; while the rest remained as groups of persons, supplying vegetables and fruits to the Military. The important features of all these war-time V. E. Schemes were (1) the supply of vegetables at the supply points was made up to specifications and as per indent, (2) free transport was provided by the military from the supply point to the railhead or up to the main depots, (3) cost of establishment and marketing of each association was subsidised by the Central Command, (4) subsidy at 50 per cent was given to growers on the cost of seeds, fertilizers, manures and insecticides spent on vegetable crops, other than potatoes and onions, (5) maximum prices of vegetables were fixed for all vegetables supplied to the Military. This was done by the Deputy Commissioner of the area sitting with the representatives of the Military and the Agricultural Officer who used to be in charge of the scheme. (6) One Agriculture Officer was put in charge of the scheme. He used to receive from the military the necessary funds and to disburse them to growers towards the cost of the vegetables or fruits supplied or the services rendered by them. He was also put in possession of a permanent fund from the Central Command. He could draw upon this fund so as to meet the demand of the growers in the event of delays in the passage of bills submitted to the Military authorities.

Post-war Scheme

After the cessation of the war, all these schemes were wound up by the military, mostly after 31st March 1946. In many places, however, these were taken up by the respective Provincial Administrations in the hope of increasing vegetable production through these centres. Such of the centres as were not already registered under the Co-operative Societies Act. were got registered. Bihar alone registered 21 of such centres into Co-operative Societies of vegetable growers. Speaking for this Province (The C. P. and Berar) the two Vegetable Growers' Associations at Chhindwara and Bilaspur which were working war time schemes, undertook to work the new ones. Each of these schemes broadly follows the lines of the old one. The new schemes, however, have no subsidy for seed, fertilizers, manures and insecticides ; and the guarantee of a minimum price as was provided in the war-time schemes.

The working of the present scheme for $1\frac{3}{4}$ years has revealed that the old scheme was no scheme of co-operative marketing of vegetable. It was

just an arrangement whereby all vegetable suppliers (traders and growers) had come round to meet the daily demand of the military somehow. That they readily did under conditions of free establishment cost of their association, subsidised production, free transport, ready market and fixed favourable prices. For them it was a huge windfall. Instead of having to send their stuff outside for doubtful market returns, they had an assured and ready market at their doors. The absence of any price guarantee and the guarantee of off-take in the present scheme has virtually disrupted the old arrangement. The members now compete with their association. This is inevitable, because the old members were not co-operators nor even 100 per cent growers. They have reverted to their independent trading. Such of them, however, as consist of real growers, can be developed into useful marketing associations, provided necessary facilities for their development are present.

The Case for Co-operative Marketing of Vegetables

It may be useful here to analyse the factors that can promote the development of co-operative marketing of vegetables in our country. We have necessarily to examine the situation in the above back ground. The vegetable trade is still largely in the hands of un-educated middlemen who, of course, possess the necessary knowledge of their trade, although not of a very specialised type. They or their agents go round in villages, contact growers, purchase their standing crops, outright for the season and make advances to them. The villager is generally averse to waiting or direct marketing of his produce. He prefers to be relieved of his produce at a price which he himself settles. In a way, he cannot be blamed; because, if he engages himself in selling his produce in outside markets, he may have to spend much of his useful time when he can more profitably attend to other crops. In fact, production and marketing are two different jobs which require whole-time attendance. It would be a rare grower, who is an expert cultivator as well as a shrewd seller. Sometimes the ties of the vegetable grower with the marketing agents are those of community or relationship. Another difficulty to contend with is the custom of crop mortgages and liens, which tie the grower up to a local merchant or landlord in so many cases.

The organisation of co-operative marketing of vegetables has, therefore, necessarily to be very cautious. To pull the growers out of their old contacts is not within the reach of an ordinary person. We have to offer alternative attractions and advantages for most of the vegetable marketing societies, at least for a few years of their early life. Some of the factors conducive to co-operative marketing are outlined below :—

1. Subsidies.

In the early part of the society, Government should subsidise the cost of requirements like the seed, fertilizers, manures and insecticides to the growers on the lines of Grow More Food Schemes.

2. Production Guidance.

Expert guidance to the growers on production matters would help to bring members more closely to the Association.

3. Efficient Marketing Guidance.

This is an important matter. No grower can take up this job. The society has got to have an expert Manager, or the Government may have to provide for a few years expert assistance in the matter of market intelligence, marketing facilities and marketing officers.

4. Price Guarantee.

So as to bring the grower more and more towards co-operative marketing institutions, this would be a potent weapon. It may be employed either by the society itself out of its own resources or the Government may subsidise the society in this behalf, as they have been doing during the war days. Fair prices have been guaranteed to the farmers even in England and have been recommended for India by the Imperial Council of Agricultural Research. To quote them here, "A major difficulty is the uncertainty of price, which the cultivator may get for his produce. Unless he knows, what he is likely to obtain, he cannot afford to spend money in trying to increase his outturn lest the value of the increased production may be less than the expenditure that has to be incurred for obtaining it. One of the greatest steps forward to intensify agricultural production in Great Britain is the guarantee of price and offtake of produce which Government has given to farmers *for a specified period* (italics ours) (Memorandum on the development of Agriculture and Animal Husbandry in India by the Advisory Board of the Imperial Council of Agricultural Research). If a fair-price guarantee is a necessity to the cultivators in general, it is more so to the growers of vegetables, who have inherent marketing difficulties.

5. Methods of handling and paying for vegetables.

In countries like Denmark, U.S.A. and Canada, where co-operative marketing is most highly developed, the practice of outright purchases is rare, and that of pooling and deferred payments is common. In the matter of vegetables, except for the things like potato and onions, pooling, grading, sampling, etc., is not advisable. It is the system of deferred payments, or selling on consignment account, which may be the ultimate goal. But under the existing circumstances of the presence of rival traders in the line, the society will have to undertake outright purchase of crops. Although this will require a larger working capital for each such society, and would also expose it to risk of price fluctuations, this system has its own advantages. They are : (i) falling in with the usual market practice ; (ii) the satisfaction of the farmers' need for immediate cash (iii) elimination of the factor of uncertainty, (iv) meeting the competition of the private traders, who have a powerful appeal in their cash offerings (v) increasing the society's volume of business more readily by purchase from non-members, (vi) better return to individual grower for the superior quality of his product and (vii) the

reduction in the volume of work in connection with book-keeping. Losses occurring to the society due to outright purchases can be covered in this case by the subsidy provided by Government for guarantee of fair price to the grower.

6. Cold storage and refrigeration arrangement.

At present, we are wasting a considerable quantity and quality of our protective foods in the shape of rotten or wasted vegetables and fruits, largely due to want of adequate storage facilities. The Sub-committee on Cold Storage equipments for the year 1945-46, appointed by the Agricultural Machinery Conferences of the Government of India have stated that India normally requires five million maunds of potato seed annually, and that under the existing unsatisfactory conditions of storage, India lost three million maunds of potato seed every year due to insects and fungi. For want of cold storage facilities no use can be made of by-products. This point has also been stressed by the Saraiya Committee on Co-operative Planning. They have stated, "where sufficient cold storage facilities are not available on any railway or any other form of transport service, the fact should be reported by the Registrar to the Provincial Co-operative Council, who should see to it that such facilities are made available." They have further recommended, "Provision of cold storage and refrigeration will be expensive and a co-operative society will not be able to provide them without financial assistance from the State. We therefore, recommend that the State should give this assistance."

7. Loyalty of the members.

Last but not the least is the necessity of the members being loyal to the society. While it is the duty of every co-operative marketing association to render the best service, it can equally well demand a sort of implicit loyalty on behalf its members. There can be no half-way allegiance of a member sharing only the benefits and not bearing any risks. The management is likely to err on a few occasions. It is for the members to correct them. If in spite of that, things do not improve, membership will gradually wean off; and the society will meet its due fate. But, other things remaining the same, the members should be loyal to the society. They must not, for example, sell their produce to any body except the society of which they are members. This is to be secured by a general membership contract or specific marketing contracts between the society and the members.

Conclusion.

The farmers have got to organise their marketing in some such way. It is the logical and inevitable course for them to pursue. They cannot possibly expect the market to come to them, and yet give them a fair price. Concerted action characterises the more highly organised business world, and the farmers must meet organisation with organisation,

SUGAR.CANE UNIONS IN BIHAR

By

MAHADEV PRASAD

The Cane Development Department has been subjected to criticism from various quarters particularly in respect of the standard of cane cultivation and irrigation facilities, survey of cane, estimates of cane yield and its availability and offers of cane by the Union to mills. The relations between the mills on one hand and the Staff of the Cane Development Department or of the Union on the other are in number of cases strained for one reason or the other, particularly in view of the fact that many factories do not get sufficient cane to the extent of their crushing capacities. The factories, therefore, put the whole blame on the Cane Development Staff or the Union which supplied cane to them and took up the development work. While the Cane Development Department, with a meagre staff provided to it for dealing with lakhs of cane growers in the Province, did its best and has many achievements to its credit, there is no doubt that much remains to be done in the vast field of activities. The demand for more and more staff has been a cry in the wilderness. But we must pause and think how long the spoon-feeding will continue to be the order of the day and after all there is a limit to the huge staff and the consequent volume of expenditure for its maintenance. The protection given to the sugar industry cannot be expected to last long and the industry has to stand on its own legs. We have to find out some means for cutting down the expenditure and bringing it down to the minimum.

The remedy lies in utilising the representatives of cane growers for filling up the gaps. So far, they have been given some rights to exercise but no liabilities to fulfil. The village field staff at present gives advice to the growers and sometimes does the work which the growers should do themselves. Nor can the paid staff carry on that work for such a large number of growers. After the staff departed from the village leaving instructions to be carried out by the growers, the latter neglected the work even though it was for their own good, and there was none left to goad them or to supervise the work in hand. It is here that the Village Panchayat comes in the picture for getting the instructions of the staff carried out in their village. The by-laws of the Cane Unions provide for the formation of the Panchayats for each village to be elected by the members and this Panchayat should be entrusted with the various functions connected with the village. It should be given some powers under the by-laws and should at the same time be saddled with certain responsibilities. Where necessary, small sub-committees may be formed for different branches of work. Such decentralisation will curtail the need of more and more staff. So far the Central Cane Union is run practically by the staff, mainly by the A.C.D.O., and the elected directors legalised the various actions of the staff. It may

be right so far as the Centre is concerned but the main co-operative effort in the villages has not yet been touched. As a rule, the village organisation should be taken up first and then these village units should make a Central Union. But this takes a very long time and in this Province (Bihar) the work was taken up the other way in order to lose no time in making the advance needed. The Central Union was established first and there were reasons for doing so, otherwise the movement would not have gone up as it has done and might have been crushed and shattered by the factories.

The officers of the Department have been afraid of entrusting the work to the village people lest their mistakes or misbehaviour end in derangement of cane supply and consequent stoppages in mills. Such fear was doubtless justified in the initial stage but certainly not after the lapse of several years. The village people have seen the way of working and after a little more training in details of the Panchayats, the members should be asked to manage their own affairs themselves. The Government staff should only guide the Panchayats and supervise their work. At present so many village people flock at the office of the A. C. D. O. clamouring for *purzis* and come out with false complaints and irresponsible talk and the staff is put into disrepute and the A C.D O is unable to carry on the development work and to move out in villages during the crushing season, when he is all the more needed in the interior for looking after the development work. With decentralisation these things will disappear. This is also in keeping with the advancing times and with the Government policy of recognising village units and formation of Panchayats in each village. As Cane Development Officer in the Southern District, I had taken the risk of giving the scheme a trial in selected circles and villages by entrusting the cane supply work to the Panchayats and the results were quite encouraging. In some cases the Panchayats declined to take up the work for fear of getting their heads broken and in a few cases they abused the power. In the latter case, the power was withdrawn and yet some of them repented for their mistake and asked for its restoration. There was also a demand for such power from such quarters as had not been vested with it. These instances only prove that the decentralisation has every chance of success and would bring the present complaints to the minimum. There may be some abuses and cases of corruption on the part of Panchayats but they exist at present with the *Purzi Maharrie* and distributors. Let the Panchayats make mistakes and learn so that in the course of a few years they should be able to carry on the work properly, honestly and well. With better organised work the improvements would be more appreciable and the relations between the mills and the Cane Development Staff or the Unions are bound to improve.

I now discuss some of the crucial points in detail so as to clarify the merits of decentralisation.

(a) **Standard of Cane Cultivation:**—At present it is the staff who is responsible for improving the standard. As the staff is meagre and the

number of growers is so large, it is vain to expect all the growers to adopt all the improved methods. The Panchayat of each village should be held responsible for such detail in respect of each grower. The defaulting member can be brought to book by the Panchayat under the by-laws of the Society.

(b) **Replacement of varieties of Sugar-Cane and arrangement of sowings for maturity-wide supply :—**The Panchayat should carry out the instructions given by the staff and see that all the members follow the programme chalked out for each village in consultation with the Panchayats and members themselves.

(c) **Distribution of seed, manure and implements :—**The Panchayat should secure its requirements for the village and make recommendation to the Union for the loans in kind to be given for such objects. At present the Union deals with each member direct. In case of decentralisation it has to deal with each village, leaving the details to be worked out as far as possible by the Panchayat.

(d) **Arrangement of Nurseries:—**The Panchayat should help the staff in this work and look after the nurseries properly.

(e) **Irrigation facilities :—**The Panchayat should be encouraged to frame proposals for its village, particularly for joint sinking of wells on the lines which may once be indicated by the staff.

(f) **Pests and Diseases:—**It should be the duty of the Panchayat to report each case promptly and to follow the general directions given in such cases.

(g) **Correct Survey, accurate estimates of yield and offers:—**At present the Kandars records the figures haphazardly in many cases even without reference to the member himself. This should be done in consultation with the Panchayat which should be responsible for the accuracy and for the fulfilment of the offers. Why should a Sarpanch or such a delegate at present care to point out that a particular member is telling a lie or an exaggerated figure and why should he bother about the fulfilment of the offers, when it is none of his business to do according to the present practice? Rest of the evils of the day would be removed when the Panchayats are required to look after these things and to report to the Union the specified quantity of cane which their village would supply in the season.

(h) **Regulated Supply:—**According to the present practice the Union at the centre makes a requisition for cane from each individual member direct and this important work falls on the large number of low paid *Purzi Maherries* who hold seasonal jobs and are often unreliable. Because of the enormous volume of work, the chances for corruption open up, and then the basis on which the requisition slips are issued, is the figure supplied by the Kandars whose inaccuracies are to be found in so many cases. Again, the *Purzi* distributor is required to deliver the

requisition slips to the members from door to door but in practice he entrusts the work in a number of cases to some one else going to the village or to a third party. Then, cases do happen when the grower for whom the slip is meant is out and not available, or is unable to take the cane on the fixed date for one reason or the other, with the result that it is dishonoured or kept for use at a later date and the regulation of supply is adversely affected. Due to inaccuracy, cases are not uncommon when the slips continue to be issued to a grower who has actually no cane left and this results in corruption or disruption in supply. The suggestion therefore is that the Union should send *Purzi* with name of village duly recorded thereon, keeping the name of individual grower blank to be filled up by the Sarpanch or Panchayat specifically entrusted with this duty. The *Purzi* distributor will have to deliver all the slips for the village to its Sarpanch or Panchayat. This would make his work easier and the present expenditure for this section of staff will be curtailed. A supply calendar prepared by the Kandar will be handed over to the said Sarpanch who should be required to place a tick mark against the grower to whom the slip is issued, to note the name of such person on that slip and to pass it on to him in the village. If such person is not available or cannot supply cane on the fixed date, he can make necessary corrections at once. A little training in the procedure of issuing slips and in marking is necessary and one who can read and write can be entrusted with this work. It is not difficult to find such literate persons in a village. Most of the evils indicated in the beginning of this para would be effaced under this arrangement. For a few years, it would be desirable to maintain a similar calendar for each village in the Union as is done at present and marking will be done therein so as to check whether the Panchayat is following the principles of issuing *Purzis* properly or it is showing favouritism. As soon as it is found at the centre that the Panchayat is not working properly, the power can at once be withdrawn and the slips can be issued direct to the growers without effecting the supply adversely. In such cases members would be able to turn out an undesirable Panchayat and replace him by another and the work can be revived. The A. C. D. O. will no longer have to face so many visitors for *purzis* at his office and would be free to move about for his development work and to supervise the work of Panchayat for development and for supply activities.

THE CASE FOR MULTIPURPOSE SOCIETIES

By

MAHESH CHAND

It is accepted on all hands that our rural development schemes ought to be based on co-operative principles. Some type of co-operative action is essential. This may be taken either through multi-purpose co-operative societies or single purpose societies. Which of these two forms may be selected? Most of the rural societies are single purpose ones though their by-laws generally provide for other activities as well.

Our needs are less served by the single purpose co-operative societies. Single purpose societies may be better suited for the urban areas due to the concentration of people there. But in the rural areas the societies are more likely to fail or make little progress, if they touch only one aspect of the life of the cultivators. Credit alone cannot secure that close and continuous connection between the member and the society, without which the real co-operative spirit would not be fostered. Non-credit functions also ought to be undertaken by the primary credit societies.

The arguments advanced against the multi-purpose societies have been mainly three: (i) it mixes up the accounts of the varied activities and thus conceal the true position of any one type of the activity, (ii) the failure in one respect might entail the winding up of other useful activities (iii) since the operations would become complicated, a few intelligent individuals would come to control the society; and this would be against the co-operative spirit. But these objections can be met. To a certain extent separate accounts can be maintained for the different activities. In the beginning the keeping of separate accounts may appear too much. If they are not maintained, even then a rough idea of the position with regard to the different activities can be obtained if stock taking of the position is frequently done. The losses on account of any one activity are not likely to be so great as to necessitate the winding up of all activities of the society. The fear of the control of the society passing into the hands of a few, who might carry the society in non-co-operative directions, arises because co-operative education has been neglected so far: also, because it is perhaps assumed that the single-purpose societies would be converted over-night into complicated multi-purpose societies.

Even the Reserve Bank of India, with whom the 'multi-purpose society' has been rather a slogan for long, made it clear that "It was not, of course, suggested that the existing credit societies everywhere should immediately assume all the functions mentioned above, but a steady extension should be secured in the scope of their activities, so as ultimately to bring the whole life of the cultivator within its ambit. Even so, it was not recommended that such societies should undertake any business involving an unusual degree of risk such as only specialised institutions

with special skill could undertake, e.g., mortgage banking, cattle insurance etc. Nor need some separate societies for specific objects, e.g., prevention of soil erosion, land reclamation, colonisation, irrigation, etc., be altogether precluded."

The Madras Committee on Co-operation also expressed a similar view. "If societies expand their activities in the first instance even upto the limits laid down in their present by-laws, we believe that the full-fledged multi-purpose societies will be the next step in evolution."

Recently the Co-operative Planning Committee (1946) also recommended that "as the supply of credit touches only one aspect of the life of the cultivator, the activities of the primary co-operative societies should be so extended as to cover the whole of his life. The primary credit society should, therefore, be reformed and reorganised so as to serve as a centre for the general economic development of its members." A perusal of the report gives an idea of the economic activities to be covered by the primary societies. It is not to be a joint village management, as suggested by Tarlok Singh, though experiments in this regard may be carried out in suitable areas. Nor is the primary society to undertake the functions of a fruit and vegetable growing society, nor those of the anti-erosion and the milk society. The primary society is to manage the pasture land and to conserve fodder. It will distribute the improved seeds made available by the Agriculture Department and the fertilisers, as also to execute the schemes of the Forest Department for the establishment of the fuel plantations. The primary society is to arrange for the assembling and transport of the village produce to the marketing union established in the nearby wholesale mandi. The primary society will take a helping hand in crop-planning. It will encourage the members to grow more leguminous crops and to use green manure. It will also be entrusted with the field work pertaining to canal and tube-well irrigation, such as distribution of water, fixation of outlets, repair and maintenance of channels, and assessment and collection of water-charges. The construction of minor irrigation works is also to be entrusted to the primary society. It will be the post office for State assistance for sinking wells. It will undertake store-business. Health and sanitation as well as better living activities are also to be the function of the primary societies. Insurance business among its members will also be promoted by the society. The list is not complete but it can be summarised by saying that the society is to undertake even technical work to improve the situation of its members both materially and morally.

It seems too much. Compared to this, the functions specified by the XV Registrars' Conference (1947) appear more manageable. According to the Registrars, the agricultural primary co-operative society should, in particular, (a) finance crop production, (b) act as the agent for the sale of produce to the nearest co-operative marketing organisation, (c) supply the farmer's simple needs for crop production like seed, cattle-feed, fertiliser and agricultural implements, and also consumer's goods like cloth, kerosene

salt and matches on indent basis or on the basis of established needs, provided that such a society may be permitted by the Registrar to function on the system of outright purchase and sale to the extent of twice the paid-up share-capital where its size, financial strength and soundness of management permit, (d) serve as milk collecting station for the nearest dairy and as a centre for animal first aid and maintenance of stud bulls, (e) serve as a centre for maintaining agricultural machinery for the joint use of the members, and (f) encourage subsidiary occupation for its members.

The Conference has done well by leaving out the technical functions. The Provincial Governments are creating Panchayats in the rural areas. Such functions are crop planning, irrigation, fuel plantation, management of pasture land and conservation of fodder, which must be essentially and compulsorily taken up, may be left to be taken over by the Panchayats.

The All-India Co-operative Conference (1947) has also taken a similar view. It has not passed any formal resolution on the subject, but the President hinted at it when he said that "a marketing organisation is both a purchase and sale organisation" and that "an industrial society must be a production and sale society."

It is true that too many functions must not be tacked on to the objects of the society. Wherever it has been tried, the results have been far from encouraging, not only in this country but also in other countries—particularly in backward countries. The emphasis on the combination of 'financing' with 'supplies' and 'marketing' is to be found not only in India but in other countries too. At one time "co-operators believed that the Credit Bank, in as much as it met the most pressing evil, must come first. Now the feeling is that village reconstruction (i. e., non-credit activities for improving the conditions of rural life) must come first." After visiting a number of countries, Dr. C.R. Fay wrote before the World War II: "The writer has recently visited New Zealand, Germany, Sweden and Finland, and the emphasis is everywhere on co-ordination, not indeed on the undifferentiated society, but on the association of finance with trade supplies and marketing... and on the association of trade supply with the marketing of grain and general produce."

In India credit societies should first be made to supply essential agricultural and domestic requirements and act as agents for the sale of the produce to the nearest co-operative marketing organisation. A great hurdle in the progress of the co-operative movement is the post-organisation complacency. We are enthusiastic to organise a new society; but once it is established, no one seems to be bothered about working it to success. We are office-thirsty and want to march on to fresh organisations. We work under sentiments and our loyalty to the co-operative society is loose and not firm. We have not come to believe in it firmly. This is because we have paid little attention to co-operative education, training and research, which are fundamental requisites for the progress of co-operation in any country.

HOUSING SCHEMES IN THE MADRAS PROVINCE

By

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It is an indisputable fact that there was a sharp increase of population especially in the last two decades but with no corresponding increase in the number of houses, especially suitable for the lower middle classes and the poor sections. This brought about acute shortage of houses in the Province. The shortage of dwelling houses became so acute immediately after the close of the War that the Government appointed a Provincial Housing Committee to examine and suggest measures for solving the problem of housing with special reference to urban and semi-urban areas with a view to overcome the existing acute shortage and to raise the standard of housing generally. Co-operative housing schemes in the Madras Province are detailed below :

It is recognised that co-operative housing schemes are best suited to the needs of the middle classes. Government are encouraging the introduction of co operative housing schemes in municipal towns and major panchayat areas for the benefit of the middle classes who can pay the cost of the site and also about one fifth of the estimated value of the houses as initial deposit and the balance in easy monthly instalments within a period of 20 years. Co-operative Housing Schemes for the middle classes are executed through the agency of co-operative housing societies in the various centres. The Registrar of Co-operative Societies who has administrative control over co-operative housing societies is in charge of these schemes.

The first step taken by Government to implement the co-operative housing schemes was to constitute housing committees in municipalities and major panchayats where the scarcity of housing was acute and called for immediate relief. Their purpose is to select sites suitable for house construction. Such committees were constituted in 76 municipalities and 199 major panchayats. With the sites so selected, housing societies are organised to take up the acquisition of the sites and then the construction of houses.

Types of Housing Societies formed:—Four types of housing societies are being registered in this Province.

(i) *Co-operative Building Societies* are formed on the individual ownership system. They obtain loans from Government repayable in 20 years and pass them on to members for the construction of houses on the sites owned by them. The security for the loan is the site and the buildings proposed to be constructed by the member. They are in fact long-term credit institutions advancing loans to members for the

construction of new houses. There is also provision in the by-laws for the acquisition of lands and parcelling them into house-sites for allotment to members and also for the joint purchase and distribution of building materials and joint supervision of construction. All the old building societies in existence in this province, about 120 in number, come under this category.

(ii) *House Building Societies* are also formed on the individual ownership system but they acquire plots selected by the Housing Committees, parcel them out into sites and advance loans for the construction of new houses. But they differ from the ordinary building society in this respect, *viz.*, that instead of passing on the loan in cash to members and leaving the construction work entirely to them, these societies undertake construction of houses on behalf of members *as their agents*. This is conducive to effective economy in cost of the buildings by purchasing building materials in bulk and by appointing competent technical staff to supervise the construction of buildings.

(iii) *House Construction Societies* are based on the co-partnership tenancy system. They acquire sites, construct houses and rent them out to members on the hire-purchase system under which the tenant-member becomes the ultimate owner of the house after a period of 20 years. The ownership of the house remains with the society till the entire cost of the land and buildings is recovered from the members.

(iv) *Co-operative Townships* are organised near congested municipal towns where extensive lands are available for the establishment of a new colony. They acquire the sites, lay them out into plots after setting apart the portion of the site required for common purposes such as roads, schools, playgrounds, parks etc. Townships are formed either on the individual ownership system or on the co-partnership tenancy system. But their distinguishing feature is that they undertake the provision of civic amenities such as lighting, water supply, drainage, health and medical services, sanitation, education and recreation facilities etc., to the colonists. The entire civic administration of the colony is carried out by the Township and the jurisdiction of local bodies such as municipalities and district boards is completely shut out.

Houses are generally constructed according to type designs. There are three types of houses to suit the pockets of the members. Generally an upper class building costs about Rs. 15,000 each; a middle class building Rs. 10,000 each; and a lower class building about Rs. 5,000 each. The type of building and the estimated cost of construction depend upon the locality. The type designs selected by the Madras Co-operative House Construction Society, the premier housing society in the Province, are generally adopted by the moffusil societies with the necessary modifications to suit local requirements. Recently some societies adopted D class design of houses costing about Rs. 3,500 each.

Concessions granted by Govt. to Co-operative Housing Societies :

(i) A special revenue staff has been sanctioned to speed up the acquisition of land for co-operative housing schemes and this staff works under the administrative control of the Registrar of Co-operative Societies. But their cost is recovered from the societies concerned.

(ii) Co-operative Housing Societies are financed by Government at present. The period of repayment is ordinarily 20 years. The rate of interest is determined from year to year according to the conditions of money market. The present rate is $3\frac{1}{2}$ per cent. The societies generally charge their members 1 per cent more than their borrowing power.

(iii) Government have sanctioned the services of departmental officers free of cost for the first year, to work as paid secretaries of housing societies which undertake construction of houses either on a proprietary basis or on behalf of their members.

(iv) Special arrangements are also made for the supply of building materials on a priority basis. A separate quota of 1,600 tons of iron and steel was given for co-operative housing schemes in this Province for the year 1948 from the quota reserved for Government Development Schemes. Cement and slack coal for the manufacture of bricks are allotted to co-operative housing societies on a preferential basis.

(v) Timber from Government forests is sold to co-operative societies at concessional rates.

The Progress made so far in giving effect to the housing schemes in general, and in the Madras Co-operative House Construction Society in particular, is given below:

Since the introduction of the 5 year plan of Co-operative Housing Schemes in 1947 so far 69 new housing societies have been registered. Of these, one is a co-operative township, 5 are house construction societies, 35 house building societies and 28 ordinary building societies. In 20 centres the execution of these schemes has been entrusted to the existing building societies. The registration of 25 new housing societies has been permitted and papers are pending with district officers. These societies will be started soon. In as many as 93 centres, the schemes are still under investigation by the district officers in various stages. So far 25 societies have applied for acquisition of lands covering an extent of 1,905 acres.

The Madras Co-operative House Construction Society is one of the earliest societies to be registered under the five year Co-operative Housing Scheme. It commenced regular work in July 1947. It had on 31-5-48, 686 members on rolls with a paid-up share capital of Rs. 22.95 lakhs; 895 applicants are on the waiting list and the earnest money deposited by them amounts to Rs. 7.88 lakhs. Sites are chosen for house construction in three centres *viz.*, Adyar, Mylapore and Ayanavaram. Land Acquisition proceedings have been instituted in respect of the sites selected by the society in Adyar and Ayanavaram areas ; but the society has been able to

obtain by private negotiation 131 acres of land in Adyar and has prepared a lay out for the construction of 332 houses, comprising 165 A class buildings, 89 B class buildings and 78 C class buildings. The foundation stone for the colony, called "Gandhi Nagar", was laid on 23rd January 1948 by the Hon'ble the Premier of Madras. The society has appointed a number of technical officers such as Engineers, Supervisors and Overseers, has collected building materials and the construction work is in progress. It is expected that the first batch of houses will be completed and handed over to the members for occupation before the end of the current year.

Rural Housing Schemes :—(i) *For peasants* :—The Provincial Housing Committee recommended the preparation of a 20 year scheme for Rural Housing for peasants at an estimated cost of Rs. 980 crores, of which Rs. 420 crores will be fetching a return of 6 per cent by way of rent from the occupants and the remaining Rs. 560 crores will have to be met by Government as subsidy from the general revenue. Though the scheme recommended by the Provincial Housing Committee is desirable, it may not be possible for the Government to give effect to the scheme in the near future on account of the staggering financial commitments involved in the recommendation. The Registrar of Co-operative Societies has, therefore, submitted a modest scheme of rural housing at an estimated cost of Rs. 2.62 crores. It is briefly outlined below :—

Under the scheme financially sound rural credit societies will be selected at the rate of one for each taluk and they will be entrusted with the work of constructing houses for their members. The sites required will be obtained by the co-operative society from Government by alienation wherever possible, or purchased from private parties through negotiation or by the application of the provisions of the Land Acquisition Act. The purchase price will be paid by the society from its own resources. The members who need houses will be asked to deposit one-fifth of the value of the house in the society as share capital. When at least 12 members have deposited the share amount, the society will take a loan from Government and the loan will carry interest at the rate at which housing societies get, i. e., $3\frac{1}{2}$ per cent for the present. The society will not disburse the loans to its members, but will construct the houses itself and lease them out to members at a monthly rent which will clear the loan with interest within a period of 20 years. In determining the rent to be paid by the occupants, the society will charge $5\frac{1}{2}$ per cent interest on the loan recoverable from members. When the Government loan is discharged and when the value of the sites advanced by the societies is also paid off by the members concerned, the houses together with the sites will be made over to the members. The cost of construction of each house is estimated to be Rs. 3,000. The society will have a Junior Inspector of Co-operative Societies on Foreign Service terms for attending to the house construction work. Necessary technical staff such as supervisors, assistant engineers of the public works department etc., will give advice in technical matters, free of cost. The

house construction business will be carried on along with the other items of work now being done by the co-operative credit societies under their by-laws. This scheme is under the examination of Government.

(ii) *For Harijans*:—There is a separate housing scheme for Harijans on a subsidy basis. The subsidy is to be met out of the grant of Rs. 1 crore which has been set apart by the Provincial Government for Harijan Welfare. The Harijan Welfare Committee has in its report made a proposal according to which Harijan colonies will be set up at the rate of one colony for each taluk with about 20 houses in each colony. There are 220 taluks in the Province. The proposal is to construct at least 3,000 houses in a period of 5 years. The houses are so designed as to cost not more than Rs. 1,000 each. Fifty per cent of the cost will come as a grant from the one crore Harijan Welfare Fund, out of which the Committee has suggested that Rs. 15 lakhs might be set apart for the specific purpose of housing. For the remaining 50 per cent of the cost of construction, it has been suggested that Government may grant loans to co-operative societies which will be started in the villages selected under the scheme on the usual terms applicable to loans granted to co-operative housing societies. The society will build the houses for Harijans with the grant and the loan and will recover the loan from these occupants in easy instalments in 20 years. The scheme will be implemented as soon as Government pass orders on the Harijan Welfare Committee's Report.

(iii) *For Weavers*:—Efforts to solve the rural housing problem among the handloom weavers are also made through weavers' co-operative societies. The first attempt was made in Yemmiganur in the Bellary district. Taking advantage of the exceptionally strong financial position of the Yemmiganur Weavers' Co-operative Society, which is the biggest of its kind in the Province, the society has proposed to improve the housing conditions of its members. It has acquired 53.98 acres of land, in the outskirts of the village at a cost of Rs. 38,654 and it proposes to construct immediately about 100 houses on this site. Provision is also made in the scheme for having a handloom factory, a dye house, a guest house, an office room for the society, a library and reading room, etc. Each dwelling house will be surrounded by a little kitchen garden. The Government have sanctioned a loan of Rs. 1 lakh for this scheme and the balance of the money required will be provided by the society from its reserves. This enterprise has led the way to similar enterprises by other weavers' co-operative societies in the districts where Prohibition has been introduced. Similar schemes have been sanctioned for Rayadurg in the Bellary district, Dharmapuri and Tiruchengode in the Salem district, Pedakandula in the Kurnool district, Uravakonda in the Anantapur district and Gudiyatam and Kilkodungaloor in the North Arcot district. Housing schemes for 22 other weavers' societies are in various stages of investigation.

Housing Schemes for Industrial Labourers:—The Harveyepatti Workers' Co-operative Colony in Madura presents an outstanding example

in the field of housing schemes for industrial workers. This scheme is the result of the initiative and enterprise of the management of the Harvey Mills at Madura. With a view to provide dwellings for their workers, the Mills acquired at Harveypatti 67.97 acres of land and constructed houses. A co-operative society consisting of the workers who desired to purchase the houses was formed. Its Board of Directors consists of the District Collector, the President of the District Board, a workers' representative, the President of the Labour Union and a representative of the Mills as President. The cost of each house and the site on which it is built has been fixed at Rs. 600 for a member. The Madura Mills have provided at their expense necessary amenities such as water supply, drainage, flush-out latrines, compound well, electric supply, wells, special railway platform, school, dispensary, stores and market. Each member is required to pay the value of the house at Rs. 4 per month for a period of $12\frac{1}{2}$ years. After full payment the member becomes complete owner of the house except for the condition that no alienation can be made without the consent of the society. If the tenant, after full payment is made, wishes to sell the site and the house, the offer of sale should first be made to the society at the prevailing market rate as may be agreed upon.

The Madras Provincial Housing Committee has proposed a 20 year Housing Scheme for industrial workers in the Province at a capital cost of Rs. 75 crores for providing $2\frac{1}{2}$ lakhs of houses at an estimated cost of Rs. 3,000 each. It is suggested that workers should contribute 10 per cent of their salaries and this amount when capitalised at 6 per cent will come to Rs. 41 crores; the balance of Rs. 34 crores has to be met by the Provincial and the Central Government and the industry in equal proportions. The amount to be contributed by each of these interests will come to about Rs. 60 lakhs per annum. The Government of India recently have announced the broad outlines of the scheme of a million houses in the next 10 years for industrial workers through the constitution of a Housing Board. The proposals of the Central Government are more or less analagous to the recommendations of the Provincial Housing Committee. When the details of the housing schemes for industrial workers are announced by the Housing Board to be constituted by the Government of India, it will be possible to integrate the several proposals and evolve a practical scheme, utilising the help offered by the Central Government.

RURAL HOUSING AND CO-OPERATION IN MADRAS

By

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Housing conditions in rural areas of Madras have not formed the subject of any specific enquiry, official or non-official. The terms of reference to the Madras Provincial Housing Committee, constituted by the Government of Madras in 1947, were to examine the housing question "with special reference to the requirements of urban and semi-urban areas" and to suggest measures for reducing the housing shortage in those areas. But the Committee took upon itself the task of broadly surveying the housing situation in rural parts also and has suggested certain measures in a chapter of the report, not so much to reduce the housing shortage as to introduce certain essential amenities in villages before housing could be taken up. The Harijan Welfare Committee, also constituted by the Government of Madras in 1947, was requested to go into a number of grievances of Harijans, one of which was the shortage of house-sites and draw up a plan for their improvement. Neither of these Committees could make an intensive survey, either by the typical or random sample method, of housing conditions and find out in particular what percentage of houses were in a fit condition, how many required repairing or remodelling, how many deserved to be demolished and rebuilt, and how many more houses needed to be added to. Such a survey was done in several countries of Europe after World War I and as a result of the findings, the State encouraged schemes of rural housing by means of subsidies, or grants of long-term loans at low rates of interest.¹

There is a general impression derived from the total counts of houses and of population in the last six decennial censuses that with the increase of population in the villages there has been a more or less corresponding increase in the number of houses too, so that the average number of persons per house—five—has remained more or less constant. And it is inferred that the problem of housing in villages is not so much quantitative as qualitative.² The Madras Housing Committee concurs in this view and says: "It cannot be said that the houses are too few for the rural population . . . nor any worse than they were sixty years ago". But it goes on to state that "the problem of proper housing is not a mere question of so much space per head or family. It also presents the problem of suitable roofing, flooring and distribution of the available space as between the different needs of a family"—in all of which "our rural houses are most defective".³

¹*Urban and Rural Housing*: (League of Nations Publication, 1939).

²*Rural Problems in Madras* by S. Y. Krishnaswamy, p. 409.

³Report, p. 68.

Even as regards the number of houses and the residents thereof, a general average is of little significance. The rich and middle classes might have much more than what they need, while the poor might have too little. As for space, most of the village houses are mere huts, several of them less than 100 sq. feet each, serving as shelter from excessive heat or rain, and as kitchen and place of storage for grain and a few utensils. Cattle shed, if there is any, is too close to the living room; sometimes cattle are tethered within the house or the verandah. There is no privacy, especially when families are large. The huts, of Harijans in particular, are a shapeless mass, built in no order, with little space between them, with crooked lanes and blind alleys instead of streets. The *Cheris*, the quarters where Harijans live, in wet land areas are too near the fields, in low lying localities, devoid of drainage and without any hard-surfaced approach to the road. In this respect, the Harijans in bigger municipal areas are better off; they enjoy the amenities of good roads, better lighting, sanitation and conservancy, and protected water-supply. But less than half a million out of a total of eight millions of Harijans in the Province live in such municipal areas. The rest live in villages, with or without panchayats, where such amenities are rare, at any rate so far as the Harijans are concerned.

The conditions of housing, water-supply, sanitation, etc., which obtain among other poor classes, besides the Harijans, are only slightly better. Some of these classes are economically worse off, as they are unused to hard work on wet fields and the demand for their labour is much less. Exclusive attention to the welfare of Harijans is bound to create some heart-burning among them. At any rate there is a housing problem for them, as well as for Harijans, which it is wise not to ignore in any State policy of housing.

The Madras Provincial Housing Committee has made a rough estimate of the probable cost of building houses for all the rural families who have no houses of their own at present. On the slender basis of a stray village survey, where it was found that only half the number of families had houses of their own, it is estimated that two crores of people require house-sites and houses thereon. Taking four adults and one child as the average strength of a family, 42 lakhs of houses will be required, each of at least 340 sq. feet, on the basis of an average floor space of 75 sq. feet per adult and 40 sq. feet per child. Granting the value of house-sites in rural areas is low, especially of dry land, and local building materials are likely to be cheaper than in towns, and the cost of labour can be kept down by undertaking building activities in the off-season, the cost of a dwelling is put down at Rs 2,000 per house. The total cost of 42 lakhs of houses is estimated at Rs. 840 crores for the Province. This struck the Committee as a 'stupendous' undertaking and so it came to the conclusion that for the present it would be sufficient for the State to aim at building basements of brick and mortar, leaving the construction of temporary structures out of local material to residents themselves—who may later on seek the aid of the

State to replace them by pucca buildings of brick and mortar for walls, tiles for roofing and cement for flooring. For the present, walls may be raised, it is suggested, out of 'compressed mud' or plastic clay and gravel rammed between forms. The estimate of the total cost of construction of basements alone is put down at Rs. 400 crores. Spread over twenty years, the State will have to spend Rs. 20 crores per year.

But even before this is undertaken by the Government, the Committee urges that, to start with, amenities like water supply, drainage, all weather roads, sanitation and elementary education should be provided for all the villages at a cost of Rs. 142 crores in all; spread over twenty years, it means Rs 7 crores per year. "The provision of such essential amenities," the Committee urges, "is of primary importance and requires to be faced boldly by the Government and steps should be taken to solve it within a measurable distance of time". The provision of such amenities, it is claimed, "will reduce the incidence of disease, and make life even in a hut worthwhile". It is expected to arrest the drift of some of the village population to towns in search of better amenities as well as openings for employment.

What is noteworthy is that the Committee recognises that it is not a practical proposition to construct houses even of the most modest type and expect the recovery of the cost of construction in instalments spread over twenty years from the residents, if they are poor ryots or agricultural labourers, whose earnings are too low and unsteady. Even if these are a little higher now than before, the cost of living is so high that it leaves little margin for payment towards provision of a pucca house. The Committee is of the view that "the problem of housing can be tackled on a large scale only after the standard of income of the rural population has risen and even then considerable State assistance will be necessary".

The Committee throws in a suggestion that "bigger land-lords in rural parts.....may be persuaded to make a contribution to the housing of agricultural workers and other poorer classes of the village community.' It was an obligation thrown on English landlords once upon a time to construct houses to labourers on the farms, but the idea of a 'tied cottage', the land-lord providing the cottage for the worker to live in, is now looked down upon, except where the duties of the employee necessitate his living on the farm, as for instance in the management of livestock. The latest view is that "it is better that employee and land-lord should be distinct and that the employee should pay an economic rent for an adequate home from a wage at such a level that this is possible".⁴ We do not have everywhere land-lords who can build houses or huts for their workers. In the Tanjore district, the practice of the land-lord providing house-sites for his workers, who raise superstructures thereon has long been in vogue. But the trouble

⁴*Country and Town*—Summary of Scott Report (Penguin), p. 70.

is that when the relationship between the land-lord and the labourer is strained or when the latter is known to be associated with some labour unrest, he is asked to quit not only his holding but also his house ; he can carry away the superstructure leaving the house-site to the land-lord. The complaint was loud that it was a weapon to force down the labourer to be quiet, whatever the discontent.

The Government of Madras have now for thirty years been attempting to acquire house-sites for Scheduled class agricultural labourers and encouraging them to build houses thereon themselves, and repay through co-operative societies organised the cost of the sites in twenty instalments. But these attempts have not been successful. 'Repayments have not been made in some societies for years together', reported the Committee on Co-operation in 1940. Reasons for failure were stated to be : high prices of lands acquired, heavy rates of interest on loans, poverty of members, economic depression and unemployment and emigration.⁵ Things did not improve even when the full cost of the sites was not charged but only a portion, which was permitted to be paid in easy instalments.

The Harijan Welfare Committee ascribes the failure to the poverty of the community and suggests that the house-sites be granted absolutely free, to individuals and not to a co-operative society, with a condition that the grantee should not alienate the site for a period of thirty years. The area of each site may range from 3 to 6 cents, according to the requirements of open space, roads etc., it is stated. It is estimated that for the 3,520 Harijan quarters in the Province, 1,20,000 more house-sites will be required—and that means an area of 7,200 acres. Government may spare one third of this area from its own waste land ; the rest will have to be acquired—at the most 5,000 acres, at a cost of Rs. 50 lakhs, which spread over 5 years would mean only Rs. 10 lakhs a year ; and this might come from the one crore fund allotted for Harijan Welfare. The Committee considers "this allotment to be only a nucleus for further work and that should more money be necessary for the purpose the Government ought to go on with the work, in spite of the extra cost that it may involve". The Committee feels that the provision of house-sites is so essential that "the Government should make it a point not to stop this work unless and until every Harijan family has been provided with some living space at least".⁶

The Committee waxes eloquent on the importance of a house for the Harijan. "A house gives the Harijan a status ; it also develops a sense of ownership in him, he would automatically develop the sense of responsibility, of corporate life and last, but not least, he would feel that even he can build and live in a house of his own". It dismisses the estimate of the Registrar of Co-operative Societies of Rs. 2,500 as the cost of construction of a house. It wants the Engineering Department to draw up a plan

⁵Report, p. 22.

⁶Report, p. 14.

for houses at Rs. 1,000 each. It is doubtful if any pucca house can be built now for this amount. How the cost was to be met was the next question. The Committee wants the Government to meet 30 per cent of the cost from the grant for Harijan relief and the rest to be met by the beneficiary through loans from a co-operative society organised for the purpose and to which repayments will be made in easy instalments over a period of 20 years, at Rs. 3 or Rs. 3-4-0 per month. If default in payment means dispossession, "this automatically cultivates a habit of thrift in him"! This is good propagandist stuff, and does not take account of the lessons of co-operative history in our country. There is only one big change in the condition of living of the Harijans, which offers a ray of hope that history may not repeat itself. And that is, the scope for saving they have since the enforcement of Prohibition. The sums they used to squander on drink may by gentle pressure and persuasion directed into channels of thrift if and after the needs of nutrition are met.

Though Harijans must be given a high priority in respect of the provision of house-sites and houses, it would be a mistake and injustice to ignore the other poor classes in rural areas. It must be the endeavour of the State to provide first the general amenities of sanitation, water supply, roads, medical aid and education and then launch on the construction of basements as the Madras Housing Committee has suggested, raising special levies for the purpose on land.

Co-operative building societies can do little to help poorer ryots and workers to build their houses, as few of them have the initial capital (20 or 25 per cent of the total capital) required by the rules and few could be sure of saving enough to repay the cost in instalments, spread over 20 years. Societies for the acquisition of house-sites for Harijans, as stated above, could not collect the dues from members of the cost of sites or even half of it. How could they collect in addition the cost of building houses even of the most modest type—at a time when the cost of construction has gone up three times pre-war level and the cost of living also has gone up so high as to leave little margin to pay for even bare rent of pucca housing?

It looks as though the poorer rural folk will have to be content with temporary structures of mud walls and thatched roof, though in the long run pucca houses would be cheaper. The cost of a pucca house of brick and mortar and tiles was estimated by the Engineering Department at Rs. 1,100 pre-war. The cost could not be reduced much below Rs. 2,000 now, even if 'compressed mud' were used instead of burnt bricks. Suitable wood and iron are not cheaper in the village. Nor is the skilled labourer—the mason, the blacksmith or carpenter—prepared to work on lower wages there when there is demand for him in towns. Unskilled labour, which can be contributed by the family, is wanted only to a limited extent, and that can be done only in the off-season.

If so much of State subsidy, free grant, or aid and all sorts of concession are needed, as the Harijan Welfare Committee wants, it is a case more for

State philanthropy than for co-operation, which stands for self-help and mutual help. No wonder, building societies all over the province, with a rare exception, have been able to help mostly the upper middle class in towns and have neglected the rural folk. Even in towns, of the lower middle class who joined the building societies in the first flush of enthusiasm, 25 per cent of borrowers in the income group of less than Rs. 50 have had their mortgages foreclosed on account of failure to pay instalment dues.⁷

The idea of co-partnership tenancy society, in which the society constructs all the houses, and members occupy houses as tenants for ever and jointly manage the affairs of the society, has been widely canvassed in the case of the poor who cannot afford to own a house each. But unless the cost of construction is considerably cut down, and the rent is lowered more or less to the level of the rent of a temporary structure now, this system is not going to make much difference. And in Madras the sentiment for the ownership of an abode, however humble it may be, is as strong as it is in urban areas; in fact more so in the villages. Tenancy society is not likely to carry the appeal that ultimate ownership does; and society management of houses in India cannot be depended upon to be so vigilant as individual management.

It is possible, however, to organise building societies to serve the upper middle class in the villages, the substantial ryots, who certainly need help not so much in finding funds (they did not avail of the loans offered by the Amendment of the Land Improvement Loans Act, 1936) as in buying building materials at reasonable prices and getting skilled labour at wages they can afford to pay. There can be at a time only a few builders in each village, for which a separate society cannot be organised; it is better to have one for a group of villages, as recommended by the All-India Co-operative Planning Committee (1946). But it is doubtful if this difficult task could be safely entrusted to a multipurpose society of the area, as the Committee recommends.⁸

⁷*Report of the Committee on Co-operation in Madras* (1939-40), p. 501.

⁸Report, 127.

HOUSING SOCIETIES IN BOMBAY PROVINCE

By

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The co-operative housing movement was initiated in this province in the year 1915, with the registration of the Saraswat Co-operative Housing Society at Bombay. The housing movement made very slow, but steady, progress in the initial stages. It received an impetus when Government announced State assistance to the societies. The economic depression of 1930, however, gave a set back to the movement and even the societies which were in existence encountered various difficulties and many of them were unable to meet the obligations in respect of Government loans. Housing societies which were in difficulties made representations to Government to grant them some relief and Government after examining each case remitted large amounts to save the societies from bankruptcy and liquidation. Till 30th June 1946, the total number of housing societies, which were largely in the industrial towns of Bombay and Ahmedabad, was 136 only. During the World War II, however, considerable housing shortage was experienced as a result of the creation of a number of wartime establishments and offices. There was a considerable influx of population in the City of Bombay, Ahmedabad and other industrial towns. The increase in the production activities also resulted in large growth in the industrial population of the cities and since last year there has been a large number of refugees from Western Pakistan. All these added to the difficulties of finding suitable accommodation in big towns and cities. To ease the situation, Government formulated a housing plan for the City of Bombay and also constituted a Provincial Housing Board and a Provincial Housing Committee to formulate a long-range policy to tackle the problem. The co-operative housing societies also found a place in the housing plan of Bombay Government and Government announced financial and other assistance on a large scale to co-operative housing societies to enable them to relieve the shortage of housing accommodation in the industrial towns of Bombay, Ahmedabad, Poona, Sholapur and Hubli.

As a result of this announcement, 31 societies were registered during the year 1946-47, while 147 more were registered in the year 1947-48, bringing the total number of housing societies in the province to 314 as on the 30th June 1948.

The nature and extent of the financial and other assistance which Government has agreed to give to co-operative housing societies may be briefly summarised as under :—

(1) Co-operative housing societies constructing tenements consisting of two living rooms and a kitchen (with other amenities), or of a lesser size, are given loans at 3 per cent or $\frac{1}{2}$ per cent less than the Government borrowing rate, whichever is higher.

(2) These loans will be to the extent of 75 per cent of the value of land and buildings in the case of tenant copartnership societies and to the extent of 60 per cent in the case of other societies.

(3) The co-operative housing societies constructing tenements of higher standards than those mentioned above are given loans to the extent of 50 per cent of the value of the land and buildings at the rate of $\frac{1}{2}$ per cent above the bank rate, provided the bank rate is not lower than the rate at which Government has itself borrowed on the last occasion before giving loans.

(4) The period of repayment of the loans is 35 years. The co-operative housing societies are also given preference in building materials.

It will be seen from the above paragraph that Government has promised assistance to housing societies not only in matters of finance, but also in procuring building materials. Notwithstanding this assistance, the problems facing the housing societies are many. Though the societies are registered in large numbers, they have to encounter difficulties in the matter of acquiring suitable sites for the buildings. The building operations also take a considerable time on account of the difficulty of getting building materials like cement, iron, bricks, etc. Then again the difficulty of getting labour is not small. The prices of lands, materials for buildings, as well as wages for the labour have gone up to four or five times the pre-war level and the progress, therefore, in the matter of construction of buildings is bound to be slow.

It will be noted that the assistance promised by Government applies only to certain cities while other towns are also faced with similar problems. The scarcity of housing accommodation is felt in other areas also. There is, therefore, need to organise housing movement in those areas as well as to extend financial assistance to such housing societies also. Government, however, is committed to assist housing societies in industrial areas only. The question, therefore, of making alternate arrangements of finance to societies in non-industrial areas was, therefore, considered and the extent to which the Bombay Provincial Land Mortgage Bank would be able to assist such societies with finance is under consideration. Side by side with the question of housing urban population, the question of providing backward class population with housing accommodation is also engaging the attention of the department.

Housing Societies for Backward Classes.—The problem of organising the wage-earners and backward class people presents considerable difficulties and a special scheme of housing for *Halpatis*—the backward community of Surat district—has been sanctioned by Government as an experimental measure for formation of 10 societies as indicated below :—

(1) Assuming the cost of a model dwelling at Rs. 500, a loan of Rs. 250 per dwelling would be given free of interest and repayable in 10 years.

(2) Building materials like timber and bamboos would be supplied at concessional rates by the Forest Department.

(3) Available unoccupied Government land in *gaothans* would be given at the concessional rent of $\frac{1}{2}$ pie per square yard ; where such land is not available, suitable plots of 203—300 square yards per dwelling would be acquired and given on rent at 8 annas per mensem per plot.

The societies would also be eligible to a subsidy of half the amount spent by them in construction of wells for drinking water.

Apart from the above, a general scheme for encouraging building societies amongst backward class people is also under consideration, where under it is proposed to give subsidies and loans at concessional rates to building societies of backward class people.

This province was also unfortunately confronted with the problem of providing housing accommodation in rural areas, as a result of the devastating floods which swept certain parts of a district of this province in the year 1946. As a result of the floods in Nagar district during the year 1946, many houses were washed away in about 20 villages of the district and Government has promised to grant liberal assistance by way of loan and subsidy to persons undertaking building of houses on co-operative basis. Accordingly, 23 co-operative housing societies have been registered in Nagar district and loans for building houses would be given through co-operative societies at concessional rate of interest. House-sites would also be given free.

Government has placed a sum of Rs. 10 lakhs at the disposal of the Registrar to give as loans to rural housing societies in the flood stricken areas of Nagar district. It is intended that all those persons who would build houses in the new *gaothans* selected by Government should be given plots and afforded facilities for building houses. The houses will be of three types, according to income of the finacee and loans to the extent of $\frac{2}{3}$ of the cost of houses will be granted by Government. A special officer of the department is proposed to be appointed to work out the scheme for house building in these areas. He will be assisted by an officer of the Public Works Department in the matter of the preparation of plans and in the estimates of buildings.

Recently, several legislative enactments such as Rent Control Act and Land Requisitioning Act passed by Government with a view to check rackrenting and profiteering and the evil of *Pugree*, etc., by landlords in urban areas, have, to some extent, affected the working of the societies as co-operative housing societies are treated on the same footing as private land-lords. The housing societies are seeking exemption from the restrictive provisions of these Acts. There is a case for relaxing the provisions, especially in the case of societies which are on tenant copartnership basis as it is necessary that they should have some latitude to adjust their rents within certain limits to suit changed conditions.

The growth of the housing movement in this province pointed to the necessity of organising a body which should be able to supervise and guide the affairs of various primary housing societies, to assist them in securing lands and loans and to evolve common measures of policy for various societies. Accordingly, a Co-operative Housing Federation has recently been organised in Bombay to help the affiliated societies in various ways. The main objects of the Federation are:—

(1) To acquire for the benefit of the Federation or its members lands, houses, property—moveable and immoveable—and to expend money as may be deemed necessary in construction and development thereof.

(2) To take steps for procurement of building materials by member-societies.

(3) To advise, guide, assist and inspect member-societies and arrange for efficient and regular supervision.

(4) To assist member societies in obtaining loans from Government or the Bombay Provincial Co-operative Land Mortgage Bank, Limited.

(5) To convene periodical meetings and conferences of member-societies and individual members.

With the establishment of this Federation to guide and assist the housing societies in tackling the problems, it is hoped that the co-operative housing societies will progress on healthy and sound lines and will help to remove the acute shortage of accommodation in Bombay City and suburbs.

Under recent orders of Government, certain concessions regarding their exemption from payment of registration fees which they had hitherto enjoyed have been withdrawn. In future, instruments executed by members of housing societies, formed of persons belonging to classes other than agriculturists or backward communities in respect of transactions or advances the value of which exceeds Rs. 2,000 and leases and agreements to lease or transfer of leases etc., will be chargeable to stamp duty and registration fees.

As per orders of Government contained in Government Resolution, Revenue Department, No. 1505/45-II, dated the 25th August 1947, the audit of housing societies having no outstandings of Government loans against them is done by the professional auditors, while the audit of housing societies which are indebted to Government is done by the departmental special auditors.

Rarely are 'respectable' people aware of the true lot of the poor in regard to housing; so let us take some real facts and figures. Let us take as an example the City of Bombay, not for the sake of any invidious distinction, but because these figures were regarded as typical by the National Planning Committee. And let us remember that this date refers to the 1931-44 period, *prior to the phenomenal overcrowding which has since developed.*

NOTE ON HOUSE BUILDING SOCIETIES IN INDORE

By

B. L. TAMBE,

Deputy Registrar, Co-operative Societies, Indore.

A move for starting co-operative house building societies in the State can be said to have been taken about a decade ago, when "Upnagar Mandal", a unique co-operative house building society of its type, was organised and registered in the year 1938. The working of the society could not, however, progress till now for want of necessary land being made available to them. Recently the Government have acquired about 117 acres of land for this society. The society, however, is now confronted with difficulties on account of very high prices and scarcity of building materials, and things have changed much since their scheme was originally framed about a decade ago. It has now been proposed to make suitable amendments in its by-laws, to meet the necessities of the time.

The efforts of the Indore City Improvement Trust Board to make available plots of lands for co-operative societies for the purpose of building residences for their members have been very encouraging. As a result of this, six co-operative societies have also sprung up recently and are expected to function when they are able to get necessary plots and other State aids. The plan of the Policy Committee for Co-operation includes proposals with regard to required State-aids for co-operative effort in this direction and when it is sanctioned, it will be very helpful in this respect.

There were then 3,27,949 tenements in Bombay housing, a total population of 23,00,000, giving an average occupancy per room of 7.01 persons. In reality, the number of inhabitants per room was six to nine persons for 2,56,379 of the population, ten to nineteen persons per room for 80,133, and twenty or more per room for 15,490. The floor space available per person was less than 25 sq. ft. in 1931 and by 1944 it had shrunk to less than half of this. To appreciate what this means we have to bear in mind that even gaol-birds are allowed 40 sq. ft. of floor space per head (vide *The Bombay Jail Manual*).

To-day those conditions, terrible as they seem, have a nostalgic attraction compared with the current state of affairs. To-day, according to a responsible spokesman of the Bombay Corporation, 12,00,000 people in the city have to find their housing on the streets. Are the other big cities any better?

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Bombay aims to solve this deepening crisis by means of the Greater Bombay Plan, which will add 197½ sq. miles of extra living space to the present congested 26 sq. miles forming the city. Other cities have similar schemes. But there remains the danger that deep-rooted conservatism on the part of some of us may hold such plans back, because of cost. Are our people, even the enlightened minority, really as go-ahead as we like to think them? This question to-day has become very important.

—From the *Hindu Indian Press Features*, Bombay.

HOUSE BUILDING SOCIETIES IN COCHIN STATE

By

K. J. ANTONY, B.A., B.L.,

Registrar of Co-operative Societies, Cochin State.

Cochin State has not yet had separate house-building societies. The following is a brief account of what was and is being done by societies to ease the acute shortage of housing accommodation.

Ernakulam town which is the capital of the State began to present great difficulties of housing accommodation since a few years back, especially for the middle class and poor people. One of the best co-operative institutions in the State, *viz.*, the Ernakulam Government Servants' Co-operative Society with a large amount of long term capital began to work out a scheme of house construction for its members. The salient features of this scheme are as under:—

The Society finances the members for purchase of house sites and puts up hygienic houses thereon. It also constructs houses for members if so desired. The total of such loan is limited to 20 times the pay of the member, repayable in monthly instalments of 20 years or before retirement, whichever happens earlier, with interest at 6 per cent. The loans are advanced only by stages according to progress of construction. The site with building forms the security for the loan.

The society did good business for some years in this line and helped several members to have their own houses. The following are the amounts of loans given.

Year.	No. of loans.	Amount of loans. Rs.
1111	3	5,350
1112	17	20,480
1113	9	16,750
1114	46	49,900
1115	19	42,200
1116	6	8,575
1117	6	8,148

But with the outbreak of the last war, this scheme had to be kept in abeyance, as the value of house sites recorded meteoric rise (going up to as much as 10-15 times the pre-war level) and the cost of construction rose due to scarcity of building materials and it was impossible for poor and middle class Government servants to avail themselves of the help of the society. But the society was instrumental in providing houses for 106 of its members. Some are even now owning such houses, while others who disposed of them during the period of high prices were able to make fortunes out of them. The society will reintroduce the scheme when prices

come down and make it economic for the middle and lower classes of its servants.

Another Society is the Nemmara Co-operative Society—Town Bank in a mofussil town has introduced a similar scheme a couple of years back. The following are the loans given by it for construction of houses :

Year	No.	Amount. Rs.
1122	6	8,100
1123	10	13,100

This society will be continuing the scheme as land values do not show such meteoric rise as at Ernakulam.

The problem of accomodation continues acute both in towns and villages. The Cochin Central Co-operative Bank, which is the Apex Bank of the State wanted to do something in this direction. So it formulated two schemes a couple of years back. One of these is the purchase by it of an area of $6\frac{1}{2}$ acres last year in the heart of Trichur, the second important town of the State, for Rs. 2,75,000. A major portion of this site, excluding the portion with a big building, is parcelled out into 36 house sites for putting up modern hygienic houses. 22 such plots have been taken up by individuals. The bank is putting up six model houses in some of the plots, not taken up yet by individuals. The bank will help the plot holders with loans for purchase and construction. The loans are repayable in instalments extending to 20 years with interest at $4\frac{1}{2}$ per cent. The Bank will withdraw from this scheme when a separate building society is formed and takes up this business.

The second scheme of the bank is the issue of long term loans to any individual, partnership, joint stock company or association for construction or purchase of buildings, provided such individual or other recipients take up B Class membership of the bank. The loans are limited to 40 per cent of the market value of the property offered as security and are repayable in instalments extending to 20 years with interest at 5 per cent. The bank has till now issued 26 such loans for Rs. 54,850.

Proposals for separate building societies in the major towns of Ernakulam, Mattanchery, Trichur and Irinjalakuda are even now under contemplation but have not yet materialised.

REVIEWS

REVIEW OF THE CO-OPERATIVE MOVEMENT IN INDIA (1939-46)
(*The Reserve Bank of India, Bombay; 1948; Rs. 2.*)

Co-operators in India should thank the Agricultural Credit Department of the Reserve Bank of India for performing a task which should be done, and is done in other parts of the world, by the federal educational organisation of the movement in the country. The statutory functions of the Agricultural Credit Department are only (i) the maintenance of an expert staff to study all questions of agricultural credit and serve as a bureau of information on that and (ii) the co-ordination of all agricultural credit operations of the Reserve Bank and all banks engaged in that business. But thanks to the deep and abiding interest taken in every phase of Co-operation by Sir M. B. Nanavati, the Deputy Governor of the Bank in its early years, the Department has been also dealing with co-operative problems which have no relation to agriculture or credit. Hence the number of bulletins and reports, culminating in the first review of the entire movement in the whole of India during 1939-40. This was meant to be the first of a series of annual reviews. But the War intervened, delaying the publication of the next review, which has now been done covering practically the War years—1939 to 1946. The Credit Department has at present a larger and more competent economic staff, whose cautious method of handling and presenting issues is in pleasant contrast to the cocksure statements and propagandist fervour of the earlier days. There are, however, lapses here and there even in this second review, to which we shall refer below. There is no doubt that this review, in the absence of any by the movement itself, will serve as a compendious, as well as a comprehensive, survey of co-operative activities in the whole of India—the undivided India of old. Only like the first review, it relies too much on official reports of Registrars and very much less on non-official points of view expressed in co-operative conferences and journals. A welcome new feature is the addition of a number of graphs illustrating the growth of the different types of activities, not only during the war but for a longer period in most cases.

The War years saw the promotion and stimulation of certain types of societies—particularly of consumers, small industrial producers (notably handloom weavers) and milk supply. These were required as much in the interests of the Government which was obliged to help the carrying on of the War, whether the people liked it or not, as in the interests of the societies and members, who naturally wanted to exploit the situation. In several cases, the growth was so far from spontaneous, but forced by the policies of procurement and rationing, that there is naturally an apprehension everywhere, as to how many of these War babies or Control babies will survive the severe onslaught of competition once control is lifted. Thanks to the phenomenal rise in prices not only of produce but of land

values all over the country, the movement, largely based on credit, gained a great deal by the reduction and liquidation of old debts which were considered irrecoverable and were even recommended to be written off. There is a sound note of caution in an early part of the review, which is not remembered throughout, that "there is a real danger that a price fall of considerable magnitude may occur both abroad and in India which, unless great care is taken, may seriously affect the structure of Co-operation. There will also arise ... problems of agricultural re-organisation and readjustment in the light of altered technical and economic conditions which.....would have to be faced". This is not elaborated.

Credit societies still play a dominant part, even though credit is taken by the Reserve Bank for the shifting of the emphasis to non-credit activities, which it has been preaching. Deposits, even now, do not flow into the village primary societies freely ; this is due, in our view, not to lack of savings or lack of efforts on the part of societies to attract them, but to the high rates of interest, higher than statutory rates, available in the countryside for private money-lending to small borrowers with poor security. We are glad to note that on the question of liability, the review is not so dogmatic as to reassert that "unlimited liability is a matter of necessity, not of choice". The advocacy of smaller banking unions, one for each taluk, in the place of district banks, has been dropped, evidently because of its unpopularity in co-operatively flourishing provinces. The dogmatism on multipurpose, however, continues unabated, though it is not supported by the experience of countries, advanced or backward, who have tried it. This is not to say that two or three functions may not, in favourable conditions, be fruitfully combined ; but it is necessary to stress that a village co-operative society cannot be a universal provider.

We are told that urban credit societies have done well financially, but they have not made their borrowing members, the salaried class in particular, more provident ; and the more prosperous societies, particularly in Bombay, have a tendency to resort to commercial banking methods and to advance loans for speculative activities. That some of them, after they have attained maturity with the help of the State, are anxious to convert themselves into joint stock concerns is significant of the attitude of mind of those bogus co-operators.

Marketing societies have had but limited scope during the War, on account of the policy of procurement and distribution of several essential commodities ; and the members thereof, even normally not very loyal to the societies or their federation, showed scant regard for them during a boom period. They cry for co-operative marketing only in the years of slump. Black marketing is their favourite in years of scarcity. Provincial and District marketing societies in their anxiety to find some transactions to justify their existence have encroached on the province of consumers' societies and sometimes burnt their fingers too. This is not referred to in the review,

Land mortgage banks have done well only in Madras and to a much smaller extent in Bombay and Mysore. Even in Madras they had to face the unexpected problem of the return of long-term loans far in advance of due dates, on account of high prices of produce and of land and abundance of cheap money for persons with good security. But thanks to the rise in the cost of cultivation and of cost of living, the return of loans in advance has been arrested and the demand for fresh loans has again started, latterly for the purpose of land improvement as well as for the clearance of prior debts.

No progress has been registered in joint cultivation in the so-called "joint farming societies" in any province, though one provincial Government after another has been coquetting with the idea of co-operative farming as a panacea for all ills of the peasantry.

The chapter on the "State and the Co-operative Movement" contains a number of half-truths, which may be alright in a propagandist pamphlet but not in a detached study. It is said that "co-operators owe much to the devoted efforts of Government, without whose initiative and help co-operation would perhaps be still unknown in India". This is certainly not the full truth, at any rate as regards consumers' co-operation. "Huge sums" are said to be spent by Provincial Governments in maintaining Co operative Departments with a large staff. This is to betray a lack of sense of proportion; for any expenditure must be viewed only in relation to revenue; and it is shown in a statement that except in the Punjab, where the department absorbs nearly 2 per cent of the total revenue expenditure, the departments in other provinces absorb much less than 1 per cent of revenue. The Madras Government is said to have taken up "a large liability" in guaranteeing the debentures of the Central Land Mortgage Bank. But the Government has not been put to any loss whatsoever in doing so, and it has done nothing extraordinary that other modern Governments of the world have not been doing. It is recovering the cost of some of the staff lent to land mortgage banks. Later on, it is admitted that "the State's monetary assistance was certainly small" (less than 2 per cent of the working capital is contributed by the State); but stress is laid on "its role on the moral side and in the provision of supervision, assistance, counsel and control", the efficiency of which is a matter of controversy. Much is made of the preferences shown by the Government to co-operative institutions in respect of procurement and distribution of essential commodities. But at non-official conferences, representatives of institutions have complained bitterly of the tendency of several officers to prefer "regular channels of trade" even if these are known to indulge brazenly in black marketing. Finally the statement is made, reminiscent of old bureaucratic days; "The stage has not yet come when complete deofficialization would be possible, and perhaps it may take a long time before the co-operative movement becomes the absolutely democratic organization free from alien control and influence it ought to be". Apparently, India is fit for political freedom with its tremendous responsibilities, but not yet fit for freedom in

the co-operative sphere. Denmark and Ireland and some other countries won this long before political independence; but history is to be reversed in India.

The All-India Planning Committee on Co-operation comes in for much praise, though it has produced little that is original, except for an able dissenting minute on agricultural credit by two Registrars and suggested a series of targets to be reached with such profuse State aid by way of free grants, loans at low rates or free of interest, accompanied by State control, as to destroy the vestiges of self-respect and independence of co-operative institutions and workers. Co-operation will then cease to be a movement and becomes merely an instrument of State policy in certain spheres. Only a bare mention is made of the more thought-provoking report of the Gadgil Committee on Agricultural Finance.

A bare account is given of the feeble efforts at co-operative education in the provinces; there is at least one mis-statement of fact. *i.e.*, that the Madras University is running a Diploma course in Co-operation. There is provision for a course, but it has not been run. Co-operative research, as the review says, is totally neglected. It is some consolation, that the idea of constituting a research council under the aegis of the Registrar in every province has been dropped and the higher research institute at the centre recommended by the All-India Planning Committee is now supported.

K. C. R.

CO-OPERATIVE FARMING IN BOMBAY—*Captain Mohite's Report.**

The Government of Bombay entrusted to a Special Officer, Captain S. P. Mohite, the task of examining the scope for the spread of co-operative farming in that Province—especially on the land to be derequisitioned from the Defence Department. The report issued is all in favour of co-operative farming, though experience of societies formed hitherto for the purpose and opinions expressed by public leaders and co-operators appear to be far from favourable.

Bombay seems to have had a dozen societies for joint-farming. The first one came to a premature end. The history of the second one, sponsored by Dr. H. H. Mann, is not known. It was a tenant-farming society which leased land in common but distributed it among the tenant farmers who carried on cultivation individually. It is stated that in the existing eight societies "purporting to be joint-farming societies" in Bombay, "the application of co-operation to processes of farming is negligible". Of the two societies recently registered, Captain Mohite says they are "perfect models of co-operative farming as they have pooled land, cattle and other instruments of agricultural production for joint cultivation". Their achievements are yet to come. The Government has sanctioned loans at low rates of interest and lent the services of its officers. Other societies for joint-farming have suffered heavy losses. The majority of

*Obtainable from the Superintendent, Govt. Printing and Stationery, Bombay. Price As. 4.

them have had only a very small, almost a token, membership and very small extent of land to operate upon. The Registrar of Co-operative Societies, Bombay said "So far, the experience in the working of joint-farming societies has not been very happy, the main difficulty being unwillingness on the part of owners to pool their lands and accept wages in proportion to labour put in by them" Another opinion is that "All the joint-farming societies have not succeeded in achieving collective cultivation on a profit-sharing basis as opposed to individual cultivation on small holdings. Most of them have not gone further than co operative purchase and sale and that only to a small extent." There was a general feeling that it would not be possible to extend co-operative or joint-farming to lands already under cultivation and that it would be better to try it where there are large areas of fallow or waste lands, as in Belgaum district.

Captain Mohite comes to the conclusion that co-operative farming should be started on Government waste or forest lands, or on acquired or leased sites, that initial expenditure should be borne by Government and recovered later, Government should lend at low rates and offer other facilities to members of societies.

The case for co-operative farming is by no means established. It is argued that because most of the holdings are too small and fragmented, they should be pooled together and farmed co-operatively and on a large scale so as to permit the use of modern machinery, offer scope for specialisation of labour for mixed farming, sowing crops at different seasons so as to reduce unemployment, provide for insurance against sickness, accident and old age and afford facilities for cultural advancement.

These appear to us to be rather extravagant claims to make for large-scale farming. The limitations of large-scale farming, at any rate in certain lines of farming, have been pointed out by agricultural economists and others. The inducement to improvement of land and crops that individual possession as well as cultivation generates cannot be matched by any of the economies of large-scale farming—especially in the cultivation of paddy and raising of dairy, fruit and vegetable products, though not in wheat or cotton farming. This has been demonstrated even in the private allotments of members of Collective Farms in U.S.S.R. The optimum size of a farm, it is fully recognised, varies with the nature of the crop and the ability and resources of the farmer. In Palestine too, yield is higher on small-holders' co-operative settlements, where cultivation is carried on individually to a great extent, than on Collective Farms.

Freedom of cultivation is bound to be valued by ryots in this country more than a larger outturn of crops. The problem of fragmentation and sub-division of land can be solved only by a certain measure of compulsion, not co-operation. It would be better to pool all the holdings, restrip them into compact blocks of different sizes to suit different families of cultivators, to each of whom a suitable block may be entrusted for cultivation in return for a reasonable rent, which should be paid into a joint village exchequer,

from out of which all joint expenses may be met and the balance distributed as dividends to owners of old holdings, whose value should have been assessed accurately. This is not co-operative farming, as it is commonly understood; but it is the type assiduously advocated by Mr. Tarlok Singh and called *Joint Village Management*.^{*} This is considered and rejected by Captain Mohite. It has greater chances of success, it seems to us, than co-operative farming, though there are formidable difficulties to overcome in the initial stages. But the Bombay Government, we understand, are keen on encouraging co-operative farming experiments in all districts in the Province and have promised various forms of help—provision of finance, technical advice and assistance—and, in particular, amendment of the Bombay Co-operative Societies Act. The working of these experiments will be carefully and eagerly watched by co-operators all over India.

K.C.R.

AGRARIAN REFORMS AND PARITY ECONOMY: *By O. P. Ramaswami Reddiar*; (Published by the Economic Adviser to the Government of Madras; 1948)

The Hon'ble Sri O. P. Ramaswami Reddiar, Premier of Madras, presents in this brochure his views on the more important questions raised by the A. I. C. C Agrarian Reforms Committee, of which he is himself a member. He pleads for a more equitable distribution of the national income to the agriculturist, who must be treated on a par with the industrialist, the trader and the public servant, who are now exploiting him. The rate of profits should be the same for all; and he advocates detailed cost-accounting to determine the rate of profits at various stages of production, processing and distribution of products. This is no easy task; but perhaps experience of the working of sales tax, which is collected at various stages, might give a clue. Whether the rate of profits must be the same for all, irrespective of the physical and mental effort involved, is a serious question, which we shall not discuss here.

We are concerned here more with the views of the Premier on Co-operation. Though in India, we must give the pride of place to Madras in matters co-operative, the Premier feels that Co-operation has but touched the fringe of our rural economy. He ascribes the failure to excessive reliance on 'human goodness' and scant attention paid to 'economic instincts'. He would like to graft the best elements of joint stock enterprise on the stock of co-operative idealism. He would, for instance, do away with the principle of 'one man one vote' but would give voting power according to the contribution made by members to capital and labour (but not custom). We do not think that this is one of the good elements of joint stock business. It is generally abused by rich men who buy up a large number of shares and flout the wishes of poorer members. He believes that Co-operation, if it is to succeed, cannot be wholly voluntary, but some sort

^{*} *Poverty and Social Change*. (Longmans, 1945).

of compulsion is necessary and all the villagers must be brought into the co-operative society, especially in a case like consolidation of holdings. While we agree that consolidation of holdings would succeed far better with compulsion, we are afraid that Co-operation will become unpopular if it is forced on people in every case. The slogan of one multi-purpose society in every village catering for all the needs of villagers has caught the imagination of the Premier ; but experiments tried in many a country, advanced or backward, tell a different tale. We must be cautious in tacking on more than a purpose or two to the main purpose of a village society. Again, co-operative farming is alright as an ideal ; but it has not been a conspicuous success abroad, where it has been tried. And in Madras, though the ideal has been recommended to colonisation societies " nowhere has it yet found favour." (Sattthianadhan & Ryan : *Co-operation*, p. 26.)

The Premier is in favour of fixing up minimum size of an economic holding for every family, but questions why a low maximum should be fixed, when no limit is placed on the maximum of capital any industrialist or trader can have. He is for the abolition of the Zamindari system and conversion of all areas to Ryotwari tenure. He wants a low basic tax on all lands, to be supplemented by the levy of a graded income-tax on higher agricultural incomes. There will be general agreement on these points, but readers would demur when he says that there is no need for any tenancy legislation on the model of Bombay Tenancy Act, as the relations between landlords and tenants are not so strained in Madras and there is no rackrenting nor insecurity of tenure. Then, why all this Kisan trouble in almost every district ? The case for minimum wages for agricultural labourers is granted ; the case for stabilisation of agricultural prices is stressed more on that account. Any surplus that is left over after payment of a living wage for labour, rent for land, interest on capital contributed and remuneration for direction should, according to the Premier, be shared among all the partners to the enterprise. Nothing can be fairer. But what is left over will depend on the level of prices which consumers can pay and the level of production which producers can achieve. K.C.R.

COMMODITY EXCHANGES. By P. G. Salvi. (*The Co-operators' Book Depot, Fort, Bombay; Rs. 15*)

Apart from a stray report of the Agricultural Marketing Section of the Government of India on 'Produce Exchanges' and two books on Cotton Marketing in Bombay, we have little literature on the working of big Commodity Exchanges in India, where the staple commodities of commerce are bought and sold in advance, in the 'futures markets,' as well as on spot. The author of the book traces the growth and explains the working of the principal Exchanges of Bombay other than cotton: the Grain Merchants' Association, the (Oil) Seeds Traders' Association and the Marwari Chamber of Commerce. He gives a brief account of the smaller commodity markets in North India, which are even more speculative than those in Bombay.

The rules of association, the terms of contract etc., of the latter are appended. The services that these exchanges render to the trade directly and to producers indirectly are recounted. They prescribe grades and standards and the terms of contract, arbitrate on disputes, collect and disseminate information on market prices and trends.

The producers come in nowhere in the picture; but they are saved the problems of storage, finance and distribution and the bearing of risks due to price changes and deterioration. The producers cannot long be baulked of their dues by local dealers. Manufacturers save themselves by hedging to fulfil their undertakings. Some speculators gain a great deal, but many lose heavily. The reckless gambling that goes on in some quarters, especially in the 'bucket shops' by petty speculators, which plays little part in stabilising prices, the various attempts at 'cornering' and 'squeezing' are noted and condemned. The need for the control of all exchanges in the country on the lines of the U.S.A. Federal Exchange Act is pointed out. Opposition to such control has been greatly weakened after the experience during the war and after. The future of the futures market' is uncertain; its repercussions on prices that producers can realise are still more uncertain. It is yet too early to contemplate the possible consequences of large scale development of co-operative marketing on the working of commodity exchanges.

CO-OPERATIVE DEVELOPMENT IN THE UNITED PROVINCES. (*Publicity Officer, Co-operative Department, United Provinces, Lucknow, 1948.*)

This is a departmental bulletin published in Hindi as well as English giving a brief—in some cases all too brief—sketch of the different types of Co-operative Societies in the United Provinces. In the new Development plan, the centre of activity is the multipurpose society, of which more than 10,000 have been organised already. Supply of improved seeds for 10 to 15 villages each is their main purpose; supply of manures and implements, cattle improvement, handspinning and weaving are to be taken up one by one. So far little has been done on these lines,

Milk Supply societies and unions do little business; the best one supplying only 60 maunds as against a target of 200 maunds. Ghee Marketing Societies and sugarcane unions are specialties of United Provinces; we wish we had more details of the latter. Other types, such as cottage industries' societies, consumers' stores and consolidation societies, though pretty large in number, are said to have been hastily formed and ill-worked and therefore to have little chance of survival after decontrol. The account is good so far as it goes; but we wish it went farther for the sake of co-operators outside the province.

THE INDIAN COCONUT JOURNAL; (*Published by the Indian Central Coconut Committee, Ernakulam—Single copy As. 8; Annual subscription Rs. 2.*)

This is a new quarterly journal issued by the Indian Central Coconut Committee, which has its headquarters at Ernakulam and whose functions

include the conduct of agricultural, economic and technological research for the better production of coconut and its products, improvement of their marketing and the supply of information on all matters connected. This quarterly journal is meant for more advanced and scientific contributions by specialists, while the monthly *Coconut Bulletin*, issued by the Committee in English and Malayalam, is meant for the lay public interested in coconut and its products.

Judging from the first three issues of the journal we have received so far, it eminently fulfils the expectations raised and fills a serious gap in the literature on the main crops of India, particularly South India, where 95 per cent of the coconut crop is grown. It is very well got up, with appropriate illustrations and the majority of articles can be followed by more educated lay readers—as in the case of *Indian Farming* issued by the Indian Council of Agricultural Research. Among the articles worthy of note in the first three issues are the following :—An Introductory Survey of Coconut Production in India by Mr. K. Gopalan, the Secretary of the Committee, Coconut Oil and its uses by Mr. A.K. Menon of the Kerala Soap Institute, a Resume of Coconut Research in Madras Province by Mr. C. M. John, Oil-seeds Specialist of the Madras Agricultural Department, Ceylon Coconut Industry by Mr. D. D. Daftary, Chief Chemist, British Ceylon Corporation, The Copra Milling Industry in Cochin by Mr. R. P. Madhavan Nair, President of Cochin Merchants' Chamber, Survey of Coir Industry in Travancore by Mr. P. Sivarama Pillay, Special Officer for the Survey, and last, but not least, Co-operative Marketing of Copra by Mr. K. Gopalan, the Secretary of the Coconut Committee. This is an article which co-operators would most like to read and we publish some extracts in this issue. We wish all success to this journalistic enterprise of the Indian Coconut Committee.

THE BIJAPUR DISTRICT CENTRAL CO-OPERATIVE BANK SILVER JUBILEE SOUVENIR, 1948.

This good sized souvenir presented by the Board of Management of the Bank on the occasion of its Silver Jubilee contains a number of features well worth emulating by every big institution on such occasions. It contains not merely a number of messages of good will expressed by co-operative individuals and institutions but also a succinct and pertinent account of the origin and growth of the bank, of its ups and downs during the boom and depression periods and of the problems that it has had to face, of the leaders and workers as well as the official friends and guides who fostered it or came to its rescue in critical times, and last but not least the services rendered by the bank directly and through the societies affiliated to it in the emergency during the war and after. It includes a large number of fine photographs of individuals and groups who have guided and worked for the movement. It speaks volumes for the good human material found in Bijapur district that so much should have been achieved in an area noted for frequent famines. We wish the bank and its members who have consolidated its position uninterrupted prosperity in the future,

ACKNOWLEDGMENTS

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GANDHIJI ON CO-OPERATION

(The following are extracts from a paper on Co-operation read by Gandhiji at the Bombay Provincial Co-operative Conference in 1917. Readers will note his emphasis on moral development and personal equation in the working of co-operative societies).

"My knowledge of the technicality of Co-operation is next to nothing. . . But I have had an unique opportunity of watching the effort of some co-operative effort in Champaran. . . . There are so-called agricultural banks in Champaran. They were to me disappointing efforts, if they were meant to be demonstrations of the success of Co-operation. On the other hand, there is quiet work in the same direction being done by Mr. Hodge, a missionary whose efforts are leaving their impress on those who come in contact with him. Mr. Hodge is a co-operative enthusiast and probably considers that the results which he sees flowing from his efforts are due to the working of co-operation. I, who was able to watch the efforts, had no hesitation in inferring that personal equation counted for success in the one and failure in the other instance. I am an enthusiast myself, but twenty-five years of experimenting and experience have made me a cautious and discriminating enthusiast. Workers in a cause necessarily, though quite unconsciously, exaggerate its merits and often succeed in turning its very defects into advantages. . . .

"... The co-operative movement will be a blessing to India only to the extent that it is a moral movement strictly directed by men fired with religious fervour. It follows, therefore, that co-operation should be confined to men wishing to be morally right but failing to do so because of grinding poverty or of the grip of the *Mahajan*. Facility for obtaining loans at fair rates will not make immoral men moral. But the wisdom of the State or philanthropists demands that they should help on the forward path men struggling to be good. Too often do we believe that material prosperity means moral growth. It is necessary that a movement which is fraught with so much good to India should not degenerate into one for merely advancing cheap loans.

"... We will not measure the success of the movement by the number of co-operative societies formed, but by the moral condition of the co-operators. The Registrars will, in that event, ensure the moral growth of existing societies before multiplying them. And Government will make their promotion conditional not upon the number of societies they have registered, but the moral success of the existing institutions. This will mean tracing the course of every pie lent to the members. Those responsible for the proper conduct of co-operative societies will see to it that the money advanced does not find its way into the toddy-seller's bill or into the pockets of the keepers of gambling dens. . . .

"... Co-operation is not a new device. The ryots co-operate to drum out monkeys or birds that destroy their crops. They co-operate to use a common thrashing floor. I have found them co-operate to protect their cattle to the extent of their devoting the best lands for the grazing of their cattle. And they have been found co-operating against a particularly rapacious *Mahajan*. The mightiest *Mahajan* must, if he represents an evil force, bend before co-operation, conceived as an essentially moral movement.

NEWS AND VIEWS

In accordance with the recommendations of a Committee constituted by the Government of Bombay in 1946, under the Chairmanship of Sir Janardan A. Madan, a co-operative college has been established at Poona. The college, besides training the key personnel of the co-operative institutions and higher officers of the Co-operative Department, is expected to conduct research in co-operation.

A Provincial Co-operative Conference was held at Nagpur in the first week of February 1948 under the President-ship of Prof. S. K. Rudra of the Allahabad University. The Conference was the first of its kind in the Province and was attended by a very large number of delegates of the co-operative institutions in the Province.

Prof. Rudra observed that co-operative organisation would have an important role to play in the country, meeting the needs of the common men by the process of self-help, self-direction, by fair and honest ways, and raising the under-privileged to the full stature of manhood. He emphasised that co-operators should propagate the new concept and see that the ends of social justice are actively pursued by the State. Prof. Rudra commended for special examination by the co-operative authorities some type of social insurance scheme, as co-operative organisations have done in other countries. He drew attention particularly to old age pensions scheme for persons beyond a certain age on contributory basis.

The Hon'ble Mr. R. K. Patil, Minister for Food and Agriculture, Central Provinces, inaugurating the Conference said that with the lifting of controls, the outlook for the co-operative movement had become somewhat uncertain. The movement suffered for lack of proper guidance and for lack of workers of a missionary zeal. Mr. Patil regretted that co-operators had acquired a business mentality and were disposed to invest money only in paying propositions. He deprecated the tendency of co-operators to look to the Provincial Bank or the Provincial Government for every loan. The Government were ready to provide any permanent aid to the movement, which would not cripple its capacity to become self-supporting.

In order to develop fruit industry in East Punjab, the Government of the Province decided to establish co-operative garden colonies of 500 to 1,500 acres each, with a total area of 10,000 acres in all, and on an average of about one thousand acres per district. Each settler will have 20 acres, but the area may be increased or decreased by the Selection Committee in individual cases. He is to put at least three-fourths of the area under fruit garden in accordance with the instructions of the Agriculture Department. All allottees will have to form themselves into co-operative societies in order to carry out, on co-operative basis, all the horticultural operations like the production of nursery plants of most reliable and standard varieties, irrigation, cultivation, spraying of trees to control pests, packing grading and marketing of fruits, preservation, cold storage, etc.

Every settler, who is allotted land in garden colony, will have to surrender to the Government an equivalent area of land of the same quality from his property. In the case of a refugee, the area of land given in a garden colony would be deducted out of the land to which he would be entitled when he is given land vacated by Muslims on a permanent basis.

The Government promises to give financial and other assistance like water supply, production of nursery and marketing of fruit, establishing cold storage plants and fruit preservation factories etc

* * *

The Government of Orissa has decided to organise a Provincial Co-operative Bank with an authorised capital of Rs. 20,000,00, divided into 20,000 shares of Rs. 100 each, of which the Government would take 7,500 shares and the rest would be thrown open to individuals and co-operative societies.

* * *

The Gwalior Government has introduced Co-operation as a compulsory subject in the 5th, 6th and 7th classes of the schools in the State. This has been done with a view to promoting co-operative ideas among the pupils and to create a body of workers for co-operative and rural uplift activities in future.

* * *

Sir V. T. Krishnamachari, the Dewan of Jaipur, in the course of his Presidential Address to the 19th Bombay Provincial Co-operative Conference, held in April at Bombay, observed: "What we aim at is a dynamic psychological change in a population of nearly 300 million people, to bring about among them a passionate desire to live better; a consuming urge to improve their standards of life. A revolution like this can come only if the whole population is set to work on its own betterment, if it makes its plans and implements them under the democratic processes of the co-operative movement. These cannot be produced by outside regimentation"

He continued "When large scale development schemes are in operation, social and other problems of complexity soon emerge. It is found within a few years that all increases in national income resulting from development scheme are absorbed by increases in population that have occurred in the interval—that economic progress does not lead to a higher standard of living but only to increases in population. To deal with this evil, drastic changes will have to be made in the laws of succession and possibly efforts will have to be made to modify the traditional attitude in regard to birth control measures. With the co-operative movement coming face to face with such issues, the necessary changes will come more rapidly than otherwise.

"Further," he said, "with increasing efficiency in agriculture, there will have to be a steady displacement of populations from agriculture. Industrialisation, even on a large scale, cannot absorb all these; and the problem of replacing those displaced is again best solved, as it arises, by the setting up of cottage and other industries on a co-operative basis."

A Co-operative Sub-Committee

On the recommendation of the 15th Registrars' Conference held in May 1946 in Madras, the Government of India have appointed a Sub-Committee to consider the more important recommendations of the Co-operative Planning Committee and also certain other proposals.

The first of the subjects referred to the Sub-Committee is the recommendation of the Co-operative Planning Committee for the establishment of an All-India Council of co-operation, whose functions, amongst others, would be to watch, guide and foster the Co-operative movement in the country. The Sub-Committee will examine the expediency of integrating this proposal with the proposal for amalgamating the Registrars' Conference with the non-official All-India Co-operative Conference and work out the details thereof.

In the light of past experience and the future needs of the Movement, the Planning Committee has made certain recommendations (Nos. 212-234) regarding alterations in the existing co-operative laws in order that they may be brought up-to-date. The Sub-Committee would examine these recommendations together with the proposals made by the Government of Orissa in this respect.

Another subject put before the Sub-Committee relates to the amendments called for in the Reserve Bank of India Act and the procedure adopted by the Bank in financing the movement, in order to enable the co-operative institutions to derive the maximum benefit from the Bank.

Finally, the Sub-Committee will also consider the suggestions made by the Reserve Bank for the revision of the Statistical Statements relating to the Co-operative Movement in India and make suitable recommendations.

Mr. R. G. Saraiya has been appointed the Chairman and the following are the other members of the Sub-Committee :—

1. Mr. T. A. Ramalingam Chettiar, President of the Madras Provincial Co-operative Bank, Madras.
2. Mr. B. J. Patel, Honorary Secretary of the Baroda Co-operative Institute, Baroda.
3. Mr. Dip Narain Sinha, Member of the Legislative Assembly, Bihar, Patna.
4. Mr. W. R. Natu, Economic and Statistical Adviser to the Ministry of Agriculture, Government of India.
5. Rao Bahadur J. C. Ryan, Registrar of Co-operative Societies, Madras.
6. The Registrar of Co-operative Societies, United Provinces.
7. The Registrar of Co-operative Societies, Central Provinces.
8. The Registrar of Co-operative Societies, Jodhpur.
9. Mr. N. Satyanarayana, President of the Co-operative Rural Bank, Alamuru, Madras.
10. Mr. V. Viyyanna, Secretary of the All-India Co-operative Institutes' Association.
11. Mr. K. Subba Rao, Chief Officer of the Agricultural Credit Department, Reserve Bank of India.

Mr. M. S. Menon, Research Officer of the Ministry of Agriculture, Government of India, is acting as the Secretary.

The Sub-Committee held its first meeting in the Reserve Bank of India from the 26th to the 28th of April 1948 and is expected to meet again in Delhi later this year.

CO-OPERATIVE CONFERENCES AND MEETINGS

CONFERENCE OF CO-OPERATORS IN RAYALASEEMA

Held at Madras on 16th February 1948.

Speech delivered by the Hon'ble Sri K. Chandramouli, Minister for Co-operation, Government of Madras while inaugurating the Conference.

It is a well-known fact that the Rayalaseema area is a backward tract. Nature has not endowed it with copious rain-fall. Periodical famines and poor returns from soil are some of the special features of this area. Government have often had to relieve distress by the remission of land revenue or by the organisation of Famine Relief Works. Amid such conditions, rural indebtedness in this part of the country has been wide and deep, and banking facilities and commercial undertakings have been meagre.

The Co-operative Movement entered into such an uncompromising tract, and it must be said to the credit of both official and non-official workers, that it has done as best as it could. There are now a little over 2,000 co-operative societies of all kinds in the five districts of Anantapur, Kurnool, Bellary, Cuddapah and Chittoor headed by a Co-operative Central Bank and a Co-operative Wholesale Stores in each of these districts. On the credit side of the movement, agricultural societies which are about 1,500 in all constitute the bulk as in the rest of the province; but the amount of loans they and the marketing societies disbursed in a year is only about thirty seven lakhs of rupees. The Land Mortgage Banks, of which there are eleven, disbursed about four lakhs in a year. If rural indebtedness is to be wiped out in the area and the current needs of agriculturists are to be adequately financed, much more remains to be done.

On the non-credit side, the co-operative stores movement which distinguished itself during the period of controls all over the province, also made a mark in the Rayalaseema handling a business of about 6.5 crores of rupees. The weavers' societies expanded under the controlled supply of yarn. There are now 139 such societies with 15,000 looms producing nearly a crore of rupees worth of goods. The Yemmiganur Weavers' Society in the Bellary district is probably the best in the province, with about 1,500 looms producing over a lakh of rupees worth of goods in a month, running a dye-house and cloth printing section and undertaking a building scheme of about 3 lakhs for housing its members. Another successful society in the Rayalaseema which deserves special mention is the Koduru Fruit Growers' Society which led the way for societies of its kind in the province and which during the war sold about 14 lakhs of rupees worth of fruits in one year.

In spite of a few striking successes of this kind, the co-operative movement as a whole in the Rayalaseema is comparatively weak. It is to investigate into the causes which operated against the vigorous growth of the movement and to suggest ways and means of setting it on firmer foundations that Government appointed in 1945 the Rayalaseema Committee on Co-operation, under the distinguished Chairmanship of the Hon'ble Sir N. Gopalaswami Ayyangar. That Committee, one of whose members is with us to-day (Mr. R. Suryanarayana Rao) conducted elaborate investigations into the working of the co-operative movement in these districts and made far-reaching recommendations. Indeed they had as many as 142 recommendations covering all aspects of co-operative activity in this area.

Action has been taken by Government on some of the recommendations. For instance, eight Senior Inspectors have been sanctioned for a period of two years

free of cost to improve the marketing societies in the districts of Cuddapah, Kurnool, Bellary and Anantapur. A Forest Ranger has been appointed to work up the Atmakur Chenchu Sale Society in the Kurnool district. The other recommendations are still under the consideration of Government.

The basic recommendation of the Committee, however, is the one relating to the provision of credit both short-term and long-term on reasonable terms consistent with the economic conditions of the area. Cheap credit has been indicated as the greatest need of the tract, and we have met here to devise methods of providing it under the existing mechanism of the co-operative movement with proper safeguards. The Registrar has submitted a scheme to Government in this behalf and a copy of it is before you. Before passing orders on that scheme, Government desired to call for a Conference of the co-operators intimately connected with the Rayalaseema area with a view to consider the Registrar's scheme in all its aspects. The members invited for the Conference represent the Provincial Co-operative Bank, the Central Land Mortgage Bank, Presidents of Central Banks and Land Mortgage Banks, some Legislators representing the Ceded Districts and persons interested in the development of the co-operative movement in the Rayalaseema area. Government will be grateful if you can give them the benefit of your views and suggestions to place the co-operative movement in this area on a stronger footing.

The Conference resolved:—

1. that the lending rate on all short-term loans to the ultimate borrowers in Rayalaseema should be reduced to 5 per cent and that towards this end, Government should provide subsidies to Central Co-operative Banks, and
2. that the long-term loans should be made available to ryots through Land Mortgage Banks at 1 per cent over the Central Land Mortgage Bank's borrowing rate and that the difference between the present lending rate and the reduced rate should be given by Government to the Central Land Mortgage Bank in the form of subsidies.
3. To strengthen the short-term and long-term credit movement in Rayalaseema, the Conference recommended that the supervising staff should be increased in number and that the extra cost should be borne by Government.

THE EIGHTEENTH LAND MORTGAGE BANKS' CONFERENCE

Madras, 21st February 1948.

Extracts from the Address by Sri C. S. Ratnasabapathy Mudaliar, President, The Madras Co-operative Central Land Mortgage Bank, Ltd.

Though agriculture is the most important industry of the country on which 85 per cent of the population depend for their livelihood, Governments both in the Centre and in the Provinces have not till now formulated an integrated agricultural policy. Now that our country is independent and its destinies are in the hands of the elected representatives, it is time that a comprehensive agricultural policy is formulated and vigorously pursued. Such a policy shall have as its main objective the securing of good life to the villager. Provision of good and adequate food, decent clothing and housing, better medical care, educational facilities, good roads and better means of transport, these and other amenities which make life in the villages prosperous and happy are measures which require immediate attention.

These can be achieved by co-ordination of the activities of the different Departments of Government.

Our Government have on hand more than one multi-purpose project of providing irrigation and power and it is hoped that with the completion of these projects a new era of prosperity will be ushered in. The well construction scheme under which subsidies are sanctioned by the Government to the agriculturists requires to be augmented with expert technical advice. The cost of digging wells will be much less if modern machinery is made available on a reasonable rental basis. The Industries Department of the Government owns a few of these boring sets and naturally they cannot be made available to all those who wish to sink wells. Many more sets will have to be acquired by the Government and made available for the purpose through co-operative agency. Provision of electrical energy for lifting water for irrigation purposes is a very important facility which must be made available to all parts of the Province. Many of the agriculturists have been unable to fix up electrical motors either because the Electricity Department is unable to give connections or because the electrical machinery required, *viz.*, the motors and the pump sets are not available in the market. Though Government have given priority in this respect, in practice this is not given effect to.

The Agricultural Finance Sub-Committee presided over by Prof. Gadgil has emphasised the great need for making available institutional credit to the agriculturists at rates of interest which for current and development finance should not exceed $6\frac{1}{4}$ per cent and 4 per cent, respectively. For this purpose, the Gadgil Committee has suggested the establishment of Agricultural Credit Corporations which are to be semi-State organisations to whose capital and working, the State should largely contribute. The utilisation of the existing co-operative machinery for implementing the recommendations of Gadgil Committee will not only be in consonance with the general co-operative opinion in the province but will also facilitate in the people directly participating in plans for their economic betterment. If the same concessions and contributions that the State is expected to make to the Agricultural Credit Corporations are made available to the co-operative organisation, the rural credit problem can be tackled in a more effective and far-reaching manner.

For many years representations were being made to the Government to reconsider their view that there should be a margin of 3 per cent between the borrowing and lending rates. I am glad to inform that Government have after all in their order dated 19—3—'47 been pleased to decide the question permitting a reduction in the margin to $2\frac{1}{2}$ per cent. I take this opportunity to tender our thanks to the Government for this help to the agriculturist. As the latest series of debentures was issued bearing interest at 3 per cent., the lending rate to the ultimate borrower has been fixed at $5\frac{1}{4}$ per cent. This rate of interest will continue as long as the borrowing rate of the Central Land Mortgage Bank remains at 3 per cent. This is still high, and if agriculture is to be remunerative it should be reduced to at least 4 per cent, which is the rate recommended by the Gadgil Committee and other economists who have examined the problem. This cannot be achieved unless the Government agree to subsidise the Land Mortgage Bank to the extent of the difference between this rate and the lending rate under the present arrangement. I hope Government will give their earnest consideration to this.

During the years of the War, from 1942-43 the transactions of the Bank declined. The amount of loans disbursed fell from Rs. 40.32 lakhs in 1941-42 to Rs. 18.25 lakhs in 1943-44. There was also a heavy rush of advance payments. In the last two years, the tide has turned. The advance payments have practically stopped. The amount of loans disbursed increased from Rs. 24.77 lakhs in 1944-45 to Rs. 42.87 lakhs and Rs. 47.66 lakhs in 1945-46 and 1946-47 respectively.

Most of these loans continue to be for repayment of prior debts, while loans for land improvement are only a few. In the last three years, the following loans were issued for land improvement purposes.

Year.	No. of loans.	Amount. Rs.
1944—45	.. 45	.. 42,925
1945—46	.. 77	.. 91,886
1946—47	.. 93	.. 1,02,915

In regard to loans issued for repayment of prior debts for which applications are made, it is seen that some of these debts were originally incurred for purposes of land improvement. The debts mentioned in 233 loan applications were analysed to see for what purpose they were originally incurred:

	Amount. Rs.	Per- centage
1. Repayment of prior debts (whose purpose could not be traced from the applications)	1,63,199	23
2. Land improvement, purchase of land and house construction	1,60,411	32
3. Cultivation expenses, family expenses	1,43,157	23
4. Marriage and other ceremonials	37,499	8
Total	5,04,266	100

These figures reveal that 32 per cent, of the debts were incurred for productive purposes. The cultivation expenses and family expenses, though productive in one sense, cease to be so when they are not paid from that year's harvest and are carried over to be funded into a long term debt. These and the unanalysable 'prior debts' referred to, should be taken to be the result of deficit economy and are an indication of the impoverishment of our agriculturists. These figures have been gathered from the loan applications received in the last few weeks when the prices of agricultural commodities have been ruling high for a continuous period of five or six years and when the agriculturist is supposed to be prosperous. This question has to be examined with the thoroughness it deserves and remedial measures taken by Government. There are already indications of an impending depression. Reports have been received of a decline in the prices of some of the chief agricultural commodities in the U.S.A., like wheat and maize. The last depression of the thirties had played havoc with the agriculturists of our Province. A repetition of the same after so short an interval will cripple the major industry and cause untold misery to millions. I request that these and other trends may be watched and timely action taken by the Government to prevent a slump.

I am glad to report to the representatives of primary banks that the Government have been pleased to come to a decision on the question of future guarantee of debentures. They have expressed their decision that the guarantee should be continued for sometime to come, though on the question of permanent guarantee they have not expressed any opinion. We are thankful to the Government for their continued support to the cause of long-term agricultural credit.

In regard to cost of Government staff, however, I have to report the Board's disappointment at the attitude of the Government who have declined to re-open the question till 31st March 1950. For the year 1945-46, the Bank has been asked to pay a sum of Rs. 1,09,238 towards cost of Government staff (Rs. 51,369 for the three Deputy Registrars and Rs. 57,919 for the half cost of Co-operative Sub-Registrars.) It is expected that in the present year a sum of over Rs. 1.32 lakhs will have to be paid towards cost of these officers. This has become a heavy impost on the Bank, and is responsible for about 50 per cent of the total budget of the

Bank. In order to make long-term credit available at cheap rates of interest, Governments elsewhere have been subsidising institutions doing this work. If an analysis of the items of work done by various officers is made, it will be found that a major portion of their work such as supervision and inspection, is done for and on behalf of the Government enjoined on them by statute as in the case of other types of co-operative institutions. The items of work, cost of which can legitimately be recovered from the Bank, are only a few and the Bank is willing to pay for such items. I request that the Government may have the matter re-examined from this point of view to arrive at a solution satisfactory to all.

Extracts from the Opening Address by the Hon'ble Sri K. Chandramouli, Minister for Co-operation, Government of Madras

One of the welcome changes that have been brought about by the War, in the economic life of agriculturists, is the high prices of agricultural produce and land that have been noticeable in the past five or six years. I am aware that the agricultural community in our Province has not failed to take advantage of this favourable factor and in many a case the agriculturists have been able to free themselves from their heavy indebtedness. The review of the position of agricultural indebtedness in this Province undertaken by Dr. B. V. Narayanaswami Naidu has revealed that in spite of the high prices the total agricultural indebtedness has not been reduced to any great extent. At the same time, it has to be recognised that a new turn has been given to the character of that indebtedness in so much as the indebtedness has been diverted towards productive channels to an appreciable extent. Agricultural indebtedness, by itself, is not an evil, provided the borrowers have learnt to utilise their borrowings for productive purposes. Thanks to the rapid development of the land mortgage banks in this Province, the pitiable state of affairs has been remedied at least to a certain extent. From the 18th Annual Report of the Central Land Mortgage Bank for the year 1946-47, I find that the total loans outstanding against Primary Land Mortgage Banks at the end of that year was Rs. 265.110 lakhs. We may feel gratified that at least to this extent the burden of debt of the agriculturists has been reduced; for, these loans carry a reasonably low rate of interest and can be repaid in easy instalments. It is also a fact that in recent years, land mortgage banks in the Province have been giving more and more loans for land improvement, for purchase of land and other useful agricultural objects, and I shall look forward in the future to a more substantial increase in the amount of loans granted for such purposes apart from the mere discharge of prior debts. Now that the rate of interest to the ultimate borrower has been reduced to $5\frac{1}{4}$ per cent, it is hoped that the agriculturists will take full advantage of this and more and more of them will seek to come under the aegis of land mortgage Banks to redeem their indebtedness and take up land improvement so as to increase the production of foodstuffs.

Formerly when the Central Land Mortgage Bank floated debentures at 3 per cent it used to charge 5 per cent interest to primary land mortgage banks and the latter used to charge 6 per cent to the ultimate borrower. This question was considered by Government with a view to securing a reduction in the rate of interest charged to the ultimate borrower. Government accepted the proposal that the margin between debenture rate and the ultimate lending rate may be reduced from 3 per cent to $2\frac{1}{4}$ per cent. The position therefore, now is that, of this margin of $2\frac{1}{4}$ per cent, the Central Land Mortgage Bank retains $1\frac{1}{4}$ per cent and primary land mortgage banks take 1 per cent. I gather that the Central Land Mortgage Bank has a proposal to create from out of this $1\frac{1}{4}$ per cent a separate fund of $\frac{1}{4}$ per cent for subsidising the weaker primary land mortgage banks. I am aware that the Central Land Mortgage Bank has been granting subsidies from

its general funds to primary land mortgage banks working on loss. The proposed move to create a separate fund for this purpose is one in the right direction because it shows the readiness of the Central Land Mortgage Bank to make greater concessions to primary land mortgage banks to stimulate their work and to assist such of them as are not yet able to develop their transactions to any appreciable extent. I hope that the primary land mortgage banks would appreciate this gesture on the part of the Central Land Mortgage Bank and put forth their best efforts in the future to develop their transactions for their own benefit, the benefit of the Central Land Mortgage Bank and the agricultural masses. The primary land mortgage banks should realise that this leaves practically only one per cent margin for the Central Land Mortgage Bank to meet its expenses.

Your President in his presidential address has referred to the fact that during the years of the war from 1942-43 onwards, the transactions of the Central Land Mortgage Bank had declined and there was also a heavy rush of advance repayments. But I am glad to find that during the last two years the tide has been turned and the amount of loans disbursed has again increased. In 1946-47, the loans disbursed amounted to Rs. 47.66 lakhs. I trust that this progress will be maintained and that an increased number of agriculturists will avail themselves of the facilities offered by land mortgage banks.

I am sure that in the final decisions to be taken on the recommendations, of the Gadgil Committee due recognition will be given to the results already gained by the existing co-operative machinery and that the already developed land mortgage banks system in this Province will be adopted as the means for the implementation of the recommendations. In this connection, I may mention that the Registrar of Co-operative Societies, has already submitted proposals to make credit available to the agriculturists through land mortgage banks at 3 per cent for land improvement so as to assist in the Grow More Food Campaign. The idea is that the difference between this rate and the present rate of $5\frac{1}{4}$ per cent should be subsidised by this Government and the Government of India on a 50 per cent, 50 per cent basis. I may also refer to the recent Conference of Co-operators of the Rayalaseema area held on the 16th February 1948 which considered measures calculated for the future development of this backward area. That Conference has recommended with regard to long-term loans that the lending rate to the ultimate borrower in Rayalaseema should be just 1 per cent over the borrowing rate, of the Central Land Mortgage Bank and that the difference between this rate and the present rate of $5\frac{1}{4}$ per cent should be paid by Government to the Central Land Mortgage Bank. I may say here that this and other recommendations of the Conference for development of Rayalaseema will receive the Government's earnest consideration.

The guarantee given by the Government for the debentures of the Central Land Mortgage Bank at present extends to a maximum of Rs. 400 lakhs. The Government recently examined the question of the future policy to be adopted by them in regard to this guarantee and they have decided that it should be continued for some more time. Government have also continued to provide temporary accommodation to the Central Land Mortgage Bank as and when required. Such accommodation during the current year, 1947-48, amounted to Rs. 33 lakhs.

With regard to the cost of Government staff employed for work in the land mortgage banks, the Government have extended the existing concessions for another three years from 1-4-47, i.e., the Government will continue to meet one half of the cost of the Co-operative Sub-Registrars and peons employed on this work till 31st March 1950. I very much regret that it has not been found possible for the Government to go beyond this for the present.

I should like to draw the attention of this Conference to the general complaint that it takes much too long a time for a person to get a loan from the land mortgage banks. I am aware that the Central Land Mortgage Bank is doing its best to curtail this delay and that exhaustive investigations and careful scrutinies have to be done to ensure that loans given are well secured and that they can be recovered. The laws of inheritance and the failure of most agriculturists to produce their title-deeds and documents evidencing discharge of mortgage are a great obstacle. Yet I consider that if the staff, both official and non-official entrusted with the scrutiny of loan applications and the directors of the primary land mortgage banks evince greater enthusiasm in the matter and take a little more trouble, a good part of the delay can be avoided, and the agricultural masses will be ever grateful to them for it.

Again there is the complaint that in dry areas loans are not issued on the security of dry lands alone, and that it is insisted that a certain percentage of the security should consist of irrigated land. Due to this restriction it is said that many of the agriculturists in the dry taluks are not able to take full advantage of the land mortgage banks. The policy followed by the bank so far seems to require revision; so that the farmers in the dry areas also may derive the benefit of long-term credit. Without impairing the security to the bank, I think credit can and should be made available to the agriculturists in the dry areas as well.

Land mortgage banks have a great role to play in the programme of national reconstruction for reconstructing the agricultural industry on a more remunerative basis than heretofore. Both the Government of India and the Madras Government have adopted a policy of giving high priority to all schemes, calculated to develop the agricultural resources of the country and I am confident that in implementing all their programmes the co-operative machinery will be utilised to the full in order to secure maximum results.

I have very great pleasure in declaring the Conference open.

The following resolutions were passed at the Conference:—

1. Resolved to request the Government that long-term finance to agriculture shall be made available to the borrowers of the primary land mortgage banks at a rate not exceeding 4 per cent and the Government should subsidize the land mortgage banks to enable them to do so.

2. Resolved that joint loans may be issued for improvement of lands on an extensive scale.

3. This Conference requests the Government to take necessary action to expedite the surveying in the zamindari villages as soon as the zamindari lands are taken over by the Government.

4. Resolved that sub-section (1) of section 27 of the Madras Co-operative Societies Act (VI of 1932) be so amended as to apply even for giving copies of the documents that were filed or collected in course of business specially for the purpose of primary land mortgage banks.

5. Resolved that as a matter of precaution second encumbrance certificates for properties mortgaged may be obtained up to the date of registration of mortgage bond instead of the existing practice of obtaining them up to the date of execution of bond.

6. Resolved that the Central Land Mortgage Bank be requested to issue instructions to officers to adopt proper value for the extent of land offered as hypotheca without any reference to the amount of loan applied for.

7. Whereas it is found in practice that the general duty staff of Co-operative Department who are authorised to exercise distraint proceedings under

sections 9 and 13 of the L.M.Bs Act, are not taking active interest and co-operating with P.L.M.Bs in recovering dues from members, this Conference requests the Registrar to authorise the Co-operative Sub-Registrar for L.M.Bs with the powers of a sale officer to expedite action under sections 9 and 13 of L.M.Bs Act.

8. Whereas it is found that some of the members of P.L.M.Bs have become habitual defaulters and it is necessary to take action against them under section 9 of L.M.Bs Act sufficiently in advance before the harvesting time, it is hereby resolved to request the Government and the Registrar of Co-operative Societies to get section 9 amended and the restrictions for taking action under section 9 till one month after the due date of the instalment be removed.

9. Resolved to request the Central Land Mortgage Bank that three primary land mortgage banks may be left in charge of Co-operative Sub-Registrar instead of four as at present in the places where there is much scope for business.

10. Whereas the resettlement in Chingleput area was done in the year 1910 and the title has to be now traced from the date of settlement covering a period of 37 years, which is obviously difficult and in certain cases excludes the benefit of the bank in deserving cases, it is requested that the Central Land Mortgage Bank may relax the above procedure and pass the title, if the borrower satisfies to the possession and enjoyment of lands for a period covered by the encumbrance namely 24 years except in exceptional cases. Referred to the Board for issue of a suitable circular after examining the matter.

11. This Conference requests the Government to pass favourable orders at an early date in the matter of recommendations of the Committee appointed to consider the land tenures that ought to be accepted as security for advancing loans in Malabar. Registrar be reminded to take early action.

12. Resolved to request the Government to waive the audit fees from the primary land mortgage banks working at a loss and from banks which have not completed three years since the date of their starting.

13. Whereas most of the primary banks are not in a position to pay bonus to their employees from out of their funds (as per conditions laid down in the Registrar's circular) as the profits are very meagre, the C.L.M.B. is requested to pay bonus to the P.L.M.Bs' staff from the C.L.M.B's profit in accordance with the scale of their indoor staff. It was resolved that Government be addressed to reconsider their orders in G.O. No. 85 dated 8-1-1947 and relax the conditions imposed therein.

14. Resolved that provision be made in the by-laws for creation of Dividend Equalisation Fund in P.L.M.Bs from out of the surplus amount of net profits, if any, after deducting amounts of Reserve Fund and dividend to members as declared by the General Body

15. This Conference requests the Registrar to permit the amendment of by-laws so as to make provision for creating building fund.

16. Resolved to request the Registrar to avoid frequent transfers of Co-operative Sub-Registrars in charge of primary banks.

17. Resolved to request the C.L.M.B. to issue instructions now and then in respect of legal intricacies or of types of loan applications for the guidance of all primary banks.

18. Resolved that the issue of third loans be encouraged where applicants purchased lands to round off their holdings and where loans are for improvement of lands.

19. This Conference is of opinion that most of the work done by the Co-operative Sub-Registrars and Deputy Registrars for land mortgage banks is of a statutory nature and is of the same type as that done by the Department in respect of other types of co-operative societies and that therefore, the Government should not recover any portion of the cost from the Central Land Mortgage Bank. If the Government are not willing to bear entire cost they are requested to demand from the bank only that amount which can legitimately be recovered for the work done by these officers on behalf of the Central Land Mortgage Bank after a thorough examination of the work.

The following two resolutions were recommended to the Board for consideration.

20. Resolved to convene the Conference and Refresher Course of the Supervisors and Co-operative Sub-Registrars for L.M Bs every year at the beginning of each co-operative year.

21. Resolved that when the landed property offered for the loan applied for is not sufficient, house property commanding rental value in all the villages in the area of operations of the bank irrespective of any restrictions such as municipality or major panchayats may also be included as the additional security, and the Registrar be requested to amend by-law No. 42 suitably.

THE COORG PROVINCIAL CO-OPERATIVE CONFERENCE

The 13th Coorg Provincial Co-operative conference was held at Virajpet on 5th April, 1948 under the presidency of Rao Bahadur J. C. Ryan, M. A., Registrar of Co-operative Societies, Madras. After singing "Vande Matharam" the Co-operative Flag was unfurled by Rao Saheb N. C. Subaya, B. A., and the exhibition was declared open by Mr. A. C. Thimmiah, M. A. (cantab). The session commenced with the singing of "Vaishnava Janatho". The Conference was opened by Dewan Bahadur C. T. Mudaliar, B. A., Chief Commissioner of Coorg. About two thousand co-operators from all parts of the province attended. Most of the heads of the departments and the Registrar of Co-operative Societies were present.

At the outset, a condolence resolution on the demise of Mahathma Gandhi was moved by Mr. P. I. Belliappa, M. L. C. Mr. K. P. Appaya, M. L. C., while welcoming the delegates and the guests, gave a detailed account of the working of the movement in the province. Both the Chairman and the Hon'ble the Chief Commissioner referred to the all round progress of the movement in the province.

Extracts from the Presidential Address of Rao Bahadur J. C. Ryan, Registrar of Co-operative Societies, Madras:

The working of co-operative societies in Coorg for the year ending 30th June 1947 contains a record of all-round progress in which 359 co-operative institutions with about 41,000 members and a working capital of over Rs. 41 lakhs have played an important part. As in the Madras Province, the chief activity of the co-operative movement in Coorg during the year has been in the direction of procurement and distribution of foodstuffs and controlled commodities. Unlike Madras, however, the institutions which transacted this business were not organizations of consumers registered as Co-operative Wholesale Stores and Primary Stores, but organizations of producers registered as a Provincial Marketing Federation and Paddy Marketing Societies. Yet, six co-operative stores appear to have participated in this business just as a few marketing societies in the Madras Province have also helped in the distribution of foodstuffs and controlled commodities.

Co-operative trading has been done in many parts of India not in accordance with strict co-operative principles but to cope with the exigencies of an abnormal situation. Food was scarce. It had to be procured and rationed; and control orders had to be introduced to regulate procurement and distribution. In other words, free market in foodstuffs was suspended. The State found that, in this emergency, co-operative organizations, which were composed of public-spirited men and over which Government could exercise close control, were the most suitable agencies for the equitable procurement and distribution of foodstuffs and other controlled articles. They availed themselves of that agency, suspended the rule that co-operative societies should deal only with members and distributed controlled articles through them to members and non-members. But with the disappearance of control orders, the free market will be restored, the patronage of the Government in the matter of the allotment of stocks will disappear, and co-operative institutions will be thrown on their own resources and will have to confine their dealings to members. The ordinary laws of economics will begin to operate and co-operative trading should readjust itself to normal conditions. There will be no controlled price, and producers will seek maximum prices for their products, while consumers will seek minimum prices for their purchases. These two classes of people can hardly be brought together in one and the same co-operative organization because their needs are different and the object of a co-operative society is to serve the *common needs* of its members. A sizing up of co-operative organizations into producers organizations and consumers organizations will be essential in a free market if they are to survive and flourish. While it would be desirable for producers' co-operatives to sell to co-operatives of consumers, it will be necessary for consumers and producers to have their own organizations because their respective economic interests are different.

I observe a tendency in this direction in your province, where it has been proposed that marketing societies should construct 26 godowns at a cost of Rs. 7 lakhs. Government have already been pleased to give a free grant of Rs. 3,000 each to the Hudikeri and Bengunad Paddy Marketing Societies and similar grants are expected from them towards the construction of the rest of the godowns. I take it that the members of these marketing societies will be producers—agriculturists who seek to dispose of their produce at advantageous prices. They will bring their produce soon after harvest to these godowns, store them there and obtain loans on their security from the marketing society so as to enable them to wait for a favourable market. Consumers organized in co-operative stores could purchase their requirements from these godowns of the marketing societies at rates competitive with those offered by ordinary traders. If stocks held in these godowns are of large volume, I have no doubt that the co-operative wholesale stores at Mangalore and Calicut will make some part of their purchases from there.

The need for organizing producers in the manner indicated cannot be over-emphasised in these days when the food we produce is not enough to feed the population of our country. "Produce or Perish" is the problem now; and, if production has to be encouraged, the producer has to be given the maximum prices for his products. Marketing societies are a real help in this direction; but more than these are societies for co-operative farming which bring more lands under cultivation.

The Madras Province has worked one type of Co-operative Tenant Farming Societies under the name of Land Colonisation Co-operative Societies. At the end of 1946-47, there were 26 such societies with 3,237 members on the rolls, of whom 2,694 members were active colonists. Out of 10,701 acres assigned to these societies, 8,891 acres have been reclaimed and brought under cultivation. Generally, food crops like paddy, cholam, cumbu, ragi, etc., were raised on the lands, besides

vegetables. During the year 1947-48 these societies received subsidies to the extent of Rs. 32,924 from Government. Loans advanced by Government amounted to Rs. 23,738 and co-operative central banks also advanced loans to the extent of Rs. 12,923. At the end of the year, loans due by the societies to Government and co-operative central banks were Rs. 1.09 lakhs and Rs. 30,073 respectively.

I understand that there are in Coorg vast extents of cultivable lands belonging to Government, where the land-less poor may be settled and more food can be grown. The Government of India who are spending large sums of money in aid of the Grow More Food campaign may well be expected to assist efforts at forming land colonisation societies which will bring more lands under the plough. Where, on the other hand, lands are already held by agriculturists but cannot be cultivated for want of irrigational or other facilities, long-term loans for the improvement of the land will be necessary. I observe that efforts have been taken already to obtain long-term money from Government through your Provincial Co-operative Bank. I wish these efforts speedy success; but if you fear that this will take time I am prepared to examine whether the Madras Central Land Mortgage Bank, which is the most successful organization in India for financing agriculturists with long-term money, cannot come to your aid and provide funds through a Primary Land Mortgage Bank organized for the whole of Coorg. Loans for 20 years at 6 per cent per annum obtained in this way will be a great impetus to increase production.

Another suggestion which I might commend for your consideration is the organization of co-operative milk supply. I am not acquainted with local conditions; but the location, size and hilly character of your province, reminds one of Switzerland and makes one enquire why you cannot, like that country, specialize in milk, butter and cheese. In my own province, where facilities for pasture are poor, there are 21 Co-operative Milk Unions and 220 Co-operative Milk Supply Societies which together handle about 75 lakhs of rupees worth of milk and milk products per year. Agriculturists, are taking to this industry in ever increasing numbers. They realize that it is the most paying occupation subsidiary to agriculture and as more and more of them purchase cows and she-buffaloes and maintain them on their farms, the character of agriculture in that province will partake of the nature of mixed farming, which accounts for the prosperity of farmers in Europe and America.

It is not necessary that co-operative societies for milk-supply should be organized as separate units. This was the policy adopted in Madras till recently; but after the All-India Committee on Co-operation recommended the reorganization of our village co-operative credit societies into multi-purpose societies, and after the XV Conference of Registrars of Co-operative Societies supported the recommendation, we have begun to introduce milk-supply as the most paying second line of activity in rural credit societies situated near towns where there is a good demand for milk. Loans are given by Central Co-operative Banks through these societies for the purchase of cows and she-buffaloes on condition that the animals should be milked in a common milking yard of the society under its supervision. The milk collected from the members is delivered to the Milk Union in the adjacent town which sells it to consumers and remits the sale-proceeds to the credit society. This system brings the members into daily contact with the credit society, makes them indent for cattle-feeds first and then for their own requirements of household needs. We expect that, through the medium of milk supply, many rural credit societies will transform themselves into full-fledged multi-purpose societies. We feel that this method of organizing multi-purpose activities in rural credit societies by introducing milk supply will be more lasting than the method of organizing them by distributing controlled articles, because, the latter method may not avail when controls cease to operate.

It is often advocated that cottage industries should be introduced in rural credit societies to convert the latter into multi-purpose societies ; but we have found that this counsel cannot be easily put into practice. Not every member, nor even a large number of the members of a rural credit society, engage themselves in a cottage industry as a subsidiary occupation ; and, when they do so, they do not toil on it systematically, so that the supply of the raw material needed for the industry through the society or the disposal of the finished products will be a haphazard affair. On the other hand, where people ply a cottage industry as a wholetime occupation (as for instance weavers, metal-workers, potters, leather goods manufacturers, etc) the business is steady and the need for the supply of raw materials and the disposal of the products is continuous. But such wholetime workers have very little in common with the other members of a rural credit society. Their needs are distinct and their problems are different and they therefore demand a separate organization for themselves. As their industry is one which has established its survival value, it is proper that they should be organized into separate co-operative units. This is the line which Madras has been adopting, and as a consequence, we have organized 1,32,231 weavers into 882 co-operative weavers' societies which manufacture over 50 lakhs of rupees worth of handloom goods every month. The Madras Provincial Handloom Weavers' with which all these weavers' societies have been affiliated, has established 52 emporiums within the province for the sale of handloom products. Recently, it has gone further afield to open emporiums at New Delhi, Calcutta, Colombo, and Trivandrum. I have suggested that it should come to your province shortly and open another emporium here, even as your Orange Society has established sales depots at Mysore, Bangalore and Mangalore.

This, indeed, is the right line of development for co-operatives to rise above natural or artificial boundaries and build up a system whereby producers' societies will open their own sales depots in consuming centres. If consumers at these centres are organized in strong co-operative stores, they might act as the sole agents of the producers' co-operatives. As this line of development progresses, a new economic system will be built up in which the trader will be cut out and producers' co-operatives will either sell to consumers direct or sell to them through their own co-operative stores. This is an ideal which co-operators all the world over work for, and may this also be the ideal for which co-operators in Coorg and in Madras will exert themselves.

The exhibition of agricultural produce, handicrafts and needle work was a great success, the Virajpet Ladies' Co-operative Society contributing the major part of handicrafts. A drama was staged by the students of the Co-operative Institute, Coorg. There was also grand display of classical Coorg Dance by the members of the Balamuri Co-operative Society. 17 resolutions relating to the all round development of the co-operative movement were passed.

At the conclusion of the Conference, Mr. Ryan stressed the immediate necessity of forming labour contract societies, and made special reference to the progress of the ladies' co-operative societies in Coorg.

On the following day, Dewan Bahadur C. T. Mudaliar and Rao Bahadur Ryan addressed a meeting of the official and non-official co-operative workers. The Chief Commissioner emphasized the need for forming labour contract societies immediately. He also promised to enhance the strength of the Government Inspectors considerably.

With a vote of thanks proposed by Mr. P. M. Chengappa, Registrar of Co-operative Societies, and Mr. P. I. Belliappa, M. L. C., the meeting terminated.

THE XV ANDHRA PROVINCIAL CO-OPERATIVE CONFERENCE

Held at Kanchili (Vizag District) on 27th and 28th June 1948.

Extracts from the Welcome Address by Sri. P. Kameswararao, B. A., B. L., Chairman, Reception Committee.

Our economy is rapidly undergoing a vast change, and co-operation, if it is to play its destined role, must keep pace with the rapidly changing times. A reorientation of the movement is therefore the crying need of the moment. The haphazard and spasmodic development of the movement which has till now been in progress must be replaced by a well thoughtout and planned scheme, which should cover the entire field of the economic activities of the agriculturists. It should take into account the four factors of production viz. land, labour, capital and organisation, find out the draw-backs in their application to agriculture and devise effective means to remedy them. Until now the efforts of the movement have been concentrated mainly on capital and that also on a limited scale. Here and there efforts have been made to arrange for the marketing of agricultural produce and the supply of seeds, but what co-operation has totally ignored is the organisation of agricultural production. It is a well known fact that agricultural industry is helplessly disorganised. With the present uneconomic holdings and their fragmentation, with the scanty means of irrigation, with paucity of capital to start agricultural enterprises on any large scale, with lack of technical knowledge to take advantage of scientific methods of production and a score of other reasons agriculture has remained a small scale industry. But with the coming changes in the methods of production due to a number of scientific inventions it is bound to need better organisation. If we want to develop our agriculture on scientific lines our agriculturists must have organising skill and ability. It is needless, to say that the agriculturists cannot possess this skill and ability individually. Only co-operative organisations can provide the agriculturists with the skill and ability to organise their industry.

The present economic structure based on a policy of laissez-faire, in other words on the unrestricted exploitation of the weak by the strong, is crumbling to dust. Man has preyed on man for too long a time. The underdog has begun to assert himself. He will no longer tolerate the age-long oppression. He will no more be content with the crumbs thrown to him, but will demand his proper share, if not by peaceful means, by violent methods. This undercurrent is already apparent. The only half-way house on the road from capitalism to communism is co-operation, which alone can give peace and protection to the masses. The Government, therefore, are bent upon further encouraging the co-operative movement and the strengthening of it.

The whole of our co-operative system needs overhauling and reorganisation. Officialdom should be replaced by public enthusiasm. The societies should primarily aim at financing short-term needs and long-term needs be transferred to land mortgage banks. One main feature which shall lead to the improvement of the system is the reorganisation of their banking business. Firstly an all India attempt should be made to put the co-operative bank on the lines of other Indian joint stock banks. It should be immaterial whether the banks are big or small. The Reserve Bank of India should be the main controlling authority to guide the policy of these banks and it should exercise its control through Provincial Co-operative Banks. The Provincial Co-operative Banks in turn should control the Central Banks and the latter, the smaller Co-operative Banks and Societies under their control. The committees of the smaller societies should be asked to serve the purpose of local boards and should send their own representative to the managing bodies of the Central Co-operative Banks. If

Central Co-operative Banks should serve the purpose of regional boards and these regional boards should be represented by the management of the Provincial Co-operative Banks. The Provincial Co-operative Banks should form a managing committee, which shall receive orders from the Reserve Bank. In such a way, all the Co-operative Banks shall become linked to each other, and it will appear that there is one Co-operative Bank in the country which has its branches throughout the length and breadth of the country. The Co-operative Banks will then serve a beneficial purpose.

We are now faced with a greater calamity than war, namely famine. We are already in its grip and herculean efforts are being made to save the country from death by starvation. In alleviating the distress, the co-operative movement can play a great part. It has been demonstrated that wherever distribution of essential commodities was entrusted to co-operative societies they acquitted themselves in a praiseworthy manner. In my own district (Vizag) the co-operative central stores and the primary stores have worked satisfactorily. They killed the black-market, corruption and unequal distribution. It is a pity that the whole work of supply and distribution was not entrusted to them throughout the Province. The bureaucracy has no faith in the efficiency of the co-operative institutions. Their love of power and patronage is so strong that they do not like the idea of entrusting the work to co-operative societies. Only they used this as a machinery for raising war loans and subscriptions.

It is a matter of great rejoicing that war ended and the reins of administration have been taken over by the popular ministries and finally India declared its Independence on 15th August 1947. It is hoped the present Madras Ministry will recognise the co-operative movement as an important factor in the nation building programme. It is also hoped that they will meet the food crisis efficiently and courageously and make full use of the co-operative agency for distribution of food grains. The services of the co-operators and co-operative societies are at their disposal for the mere asking.

The education of members of primary co-operative societies calls for special attention from us. So far, very little has been done in this direction and the future appears to be gloomy, unless strenuous efforts are made through non-official agency. This branch of work has to be undertaken by the Madras Provincial Co-operative Union and the Andhra Desa Co-operative Union immediately and the Government may have to meet the full cost of the scheme.

The present Madras Ministry has taken up enactment of Zamindari and Inam Bill. Whatever may be the advantages and disadvantages, the zamindars and inamdars are subjected to an account of such enactment, it is an approved policy contained in the congress manifesto and it is expected that the enactment will come into force sooner or later. It is hoped that the Government whilst passing the bill will look to the interests of the co-operative societies which have advanced loans to inamdars making some suitable provisions facilitating easy recovery of all such loans.

The Directors of the Uddanam Marketing Society volunteered their services and requested the conference to be held at the headquarters of the Marketing Society. I shall be failing in my duty if I do not say a few words in connection with this Marketing Society. One would after visiting the interior of Uddanam area, call it aptly "*Udyanavanam*." The chief promoter for organising and starting of this society was the late Sri. Syamasundararan (M. L. A.). The originally registered name of the society was Uddanam Fruit Growers' Co-operative Society Ltd. The chief promoter of the society is no longer with us to witness the fruits of his actions. The Telegraphic Address of the Society is "*Fruits*."

Fruit according to recent dietic theories is an essential food requirement. Its cultivation has also to be encouraged to provide for a balanced diet. Uddanam is rich in fruits like plantains, jack, cocoanuts and cashew-nuts. Vegetables also are grown in Uddanam in abundance. Very much can be done through this Marketing Society provided the Government afford transport, storage and other facilities.

We are fortunate in securing the presence of the veteran co-operator, Sri Vadrevu Viyyanna Pantulu.

Extracts from Opening Address of Agricultural and Industrial Exhibition, by Sri G. Viswanadham Chetty B. Com. (Edin.), F.R.E.S., Joint Registrar of Co-operative Societies, Madras.

I am grateful to the Secretary of the Andhra Desa Co-operative Union for having invited me to open the Village Industries Exhibition. Exhibitions are a feature of frequent occurrence nowadays. They are in effect long period trade shows. They serve several purposes. One is that they provide an effective means of educating the unlettered masses and in this respect the exhibitions held in rural centres are important. Such an exhibition fills the minds of the peasants with new ideas and new thoughts and kindles ambitions and aspirations. They are prone to enquire within themselves as to why they should not also produce things such as those exhibited and this is likely to result in increased production which is the greatest need of the hour of our country. Secondly exhibitions are in the interests of the industries themselves. They infuse a spirit of competition among the different agencies putting up the exhibits and this leads to a qualitative improvement of the industry. Again, exhibitions serve as a medium of advertisement and publicity for the exhibits and help the exhibitors to further their trade. Some of the exhibits are sold for profit to secure immediate gains which are, however, a matter of minor importance. Those who have organised this exhibition have done a great service to the village industries.

Our country is essentially a land of agriculturists whose main occupation is cultivation of the land. Cottage Industries are their spare time occupation and they are calculated to add to their income. Those industries are of added importance and deserve to be encouraged at present, having regard to the difficulty of importing capital goods for heavy industries. In recent times, steps have been taken to organise these industries on co-operative lines. The cottage industries co-operatives for metal workers, leather workers, potters, coir workers and tailors, etc., have made good progress in our Province. They are not, however, carrying on their work on a planned basis. The Registrar has submitted a scheme to Government to place these societies on a better and organised footing. If the scheme is sanctioned and is given effect to, it will give a spur to the village industries. I understand that coir industry thrives in the Uddanam area and your secretary has very rightly approached the Director of Industries to depute some technicians to demonstrate to the people the different stages of the industry. I have every hope that when you hold your exhibition next there will be a tremendous progress both in point of quality and as regards their numbers.

This is the first time the Andhra Provincial Co-operative Conference is meeting after the attainment of Independence by our country. With the attainment of political freedom the road has been cleared for economic freedom. It has been recognised that political freedom will be utterly futile, if it is not accompanied by plans to improve the condition of the common man. In this task, the co-operative movement which is primarily a socio-economic movement has a great part to play. You will naturally like to hear from me how the movement has been shaping itself in the wake of freedom and what its plans for the future are.

We may take pride in the fact that Madras is one of the Provinces where co-operation has made a considerable advance. We have about 17,000 co-operative

societies with 22.20 lakhs of members and commanding a working capital of Rs. 50.57 crores. The progress of the movement has been impressive not merely in numbers. Its quality also has improved. The average membership of an agricultural credit society is 67 in Madras, whereas in no other province does it exceed 50. The rate of interest charged by our agricultural credit societies is $6\frac{1}{4}$ per cent and this is the lowest rate which the co-operatives charge in the whole of India. The progress of co-operative milk-supply societies which handle milk worth about Rs. 75 lakhs per annum has been unsurpassed in any other Province. We stand foremost in the matter of consumers' co-operation with 1,709 retail co-operative stores federated into 22 wholesale co-operative stores. The retail stores have an annual business turnover of about Rs. 18 crores of rupees. As regards housing, we have struck a new line and taken to the co-partnership tenancy system under which societies construct houses themselves and let them out to members on the hire-purchase system. Our land mortgage banks' structure is looked upon as a model by other Provinces. The Central Land Mortgage Bank has been able to attract money for its debentures at $2\frac{3}{4}$ per cent and lends at $5\frac{1}{4}$ per cent to the ultimate borrowers, which by the way is the lowest rate for long-term loans issued by co-operative societies in India. The Gadgil and the Saraiya Committees recommended that the rate of interest on long-term loans to the agriculturists should not exceed 4 per cent and that the co-operative institutions should be given subsidy to the extent of the difference so as to enable them to lend at this rate. The Rayalaseema Co-operative Enquiry Committee which investigated the condition of the Co-operative Movement to the Rayalaseema districts under the distinguished Chairmanship of the Hon'ble Sir N. Gopalaswami Iyengar was also of the view that the rate of interest on long-term loans to the agriculturists in the Rayalaseema should not exceed 4 per cent. The Conference of Co-operators in the Rayalaseema held in February last in my office under the Presidentship of the Hon'ble Minister for Co-operation recommended that the lending rate on long-term loans to the ultimate borrower should be just 1 per cent over the borrowing rate of the Central Land Mortgage Bank and that the difference between this rate and the usual lending rate of the Central Land Mortgage Bank should be made good by Government. Those suggestions are under the consideration of Government. Land mortgage banks have been granting loans not only for the discharge of the prior debts but also for affecting improvement to lands. The Registrar has proposed a scheme to Government under which it will be possible for the agriculturists to obtain loans for land improvements at 3 per cent through land mortgage banks. The proposal is the difference between the present lending rate of the land mortgage banks and 3 per cent should be borne by the Central Government and the Provincial Government on a fifty-fifty basis. If this proposal materialises the land mortgage banks will be giving a distinct fillip to the "Grow More Food Campaign" and make themselves still more popular among, and usefull to the ryots.

The time has not, however come for us to rest on our oars. There are still a good many villages which have not been covered by co-operative societies. A reproach is being hurled at our co-operative credit societies that they touch only one aspect of the agriculturists' life namely credit, and that they do not perform all the functions provided for in their by-laws. It is true that very few of the 12,000 rural credit societies have undertaken activities other than credit. The All-India Committee on Co-operation and the XV Registrars' Conference recommended the re-organisation of our village credit societies into multi-purpose societies.

It is often advocated that cottage industries should be introduced in rural credit societies to convert the latter into multi-purpose societies; but this counsel cannot be put into practice. Not every member, nor even a large number of the members of a rural credit society, engage themselves in a cottage industry as a subsidiary occupation; and, when they do so, they do not toil on it systematically, with the

result the supply of the raw material needed for the industry through the society or the disposal of the finished products is a haphazard affair. On the other hand, where a large number of people ply a cottage industry as a wholetime occupation (as for instance weavers, metal workers, potters, leather goods manufacturers, etc.) the business is steady and the need for the supply of raw materials and the disposal of the products are continuous. But such wholetime workers have very little in common with the other members of a rural credit society. Their needs are distinct and their problems are different and they, therefore, rightly demand a separate organisation for themselves. As their industry is one which has established its survival value it is proper that they should be organised into separate co-operative units. But activities like controlled credit, milk-supply and housing can be introduced with success through rural credit societies.

The system of controlled credit is itself a multi-purpose activity. It has been preached and practised in this Province for over 12 years. The scheme is in operation in 19 districts. During the year 1946-47, sixty-three sale societies worked the scheme through 602 credit societies. Loans to the extent of Rs. 9.82 lakhs were disbursed under the scheme for cultivation of paddy, ragi, cotton, groundnut etc. The commodities delivered to and marketed through the sale societies was worth Rs. 24.04 lakhs. The total extent of land brought under the scheme was over 44,000 acres. The extension and intensification of the scheme were to some extent handicapped on account of controls over movement and prices of commodities. In the decontrol period there is every prospect of the controlled credit scheme being worked with increased vigour.

The essence of the scheme of controlled credit lies in the marketing of the produce which has been raised by the ryots with the aid of the loans given by the credit society for cultivation. The scheme will not achieve its full purpose if no steps are taken to help the ryot to market his produce through the sale society. If he is left to depend upon his own resources to find a market, the petty traders in the villages or agents or the middle men traders will exploit his ignorance and snatch the produce from him for as low a price as possible notwithstanding the fact that he has raised the produce with the loan from the co-operative society and had pledged himself to deliver the produce for sale through the sale society. It is therefore necessary that the members' produce should be brought over to the sale society as soon as it is harvested. For this purpose, the system of appointment of what is known as 'Marketing Panchayatdars' was suggested about three years ago. One of the panchayatdars in each rural credit society in the area of the sale society should be selected at a meeting of the panchayatdars and designated as a 'Marketing Panchayatdar.' He will be admitted as a member of the sale society and will be appointed as its agent for the collection of the produce of the members of the credit society for sale through the sale society. The sale society will provide him with necessary weights and measures and also gunny bags to collect the produce. The Marketing Panchayatdars will go round the villages soon after the harvest and collect the produce from the members of the rural credit society and issue receipts on behalf of the sale society. The produce will be transported to the sale society and sold when the prices are most favourable and acceptable to the owners concerned. Provision has been made in the by-laws of the credit societies to give remuneration to the marketing panchayatdars, in order that it may be an inducement to them to undertake the work with interest and enthusiasm. On 30th June 1947, the system was in force in 1,625 credit societies in the area of 98 sale societies. The value of produce delivered by them to sale societies was Rs. 3.16 lakhs. Now that controls are being removed one by one, there is a possibility of the system being extended to a large number of societies and worked with greater success. I expect that by these means there will be a free flow of agricultural produce from the villages for sale through the sale societies and that the ryots will be enabled to reap the full fruits of their labour.

The Harijan Welfare Committee has in its report indicated a proposal according to which Harijan colonies will be set up at the rate of one colony per each taluk with about 20 houses in each colony. The idea is to construct at least 3,000 houses in a five year period. The houses are designed so as to cost not more than Rs. 1,000 each. Fifty per cent of the cost will come as a grant from the one crore Harijan Welfare Fund out of which the Committee has suggested that a sum of Rs. 15 lakhs might be set apart for the specific purpose of housing. For the remaining 50 per cent of the cost of construction, it has been suggested that Government may grant loans to co-operative societies which will be started in the villages selected, on the usual terms applicable to loans to co-operative building societies. The society will build the houses for the Harijans with the grant and the loan, and will recover the loans from these occupants in easy instalments in 20 years.

Housing for persons other than Harijans can be done by the rural credit societies. The Registrar has submitted a scheme to Government in this regard. Under this scheme, rural housing will be undertaken through flourishing agricultural credit societies or producers-cum-consumers' co-operative societies. Financially strong rural credit societies or producers-cum-consumers societies will be selected and entrusted with the work in the same way as strong weavers' co-operative societies have been selected already for housing schemes. The plan of work will be similar to the one adopted in the Yemmiganur Weavers' Society. The sites required will be obtained by the co-operative society from Government by alienation wherever possible. In other cases they will be purchased from private parties through negotiation or by the application of the provisions of the Land Acquisition Act. The purchase price will be paid by the society out of its own resources. Members who need houses will be asked to deposit $1/5$ of the value of the houses in the society as a separate class of share-capital. When at least 12 members have deposited the amount, the society will take a loan from the Government. The loan will carry interest at the rate at which house-building societies get them, i.e., $3\frac{1}{2}$ per cent. The society will not disburse the loan to its members but will construct the houses itself and lease them out to members at a monthly rent which will amortise the loan with interest in a period of 20 years. In determining the rent to be paid by the occupants the society will charge $5\frac{1}{2}$ per cent on the loan recoverable from the members. This margin of 2 per cent is necessary in order that the society may maintain an efficient staff to do proper accounting and effect prompt recoveries of the Government loan. When the Government loan is discharged and the value of the site advanced by the society is also paid by the members concerned, the houses together with the sites will be made over to the members. The society will do this business of house construction in addition to its other business permitted under the bylaws. The existing business of dispensing rural credit will be carried on as usual with the aid of funds obtained from central co-operative banks.

It is expected that about 220 co-operative societies can take up rural housing schemes and can construct 11,000 houses valued at a cost of Rs. 33 lakhs in a period of 2 years. The funds required for construction will come partly from the share capital contributed by members and the amount that will have to be lent by Government will be Rs. 2.64 crores. Necessary provision for technical supervision of construction has been made in the scheme.

By pursuing multi-purpose activities on these three lines, I believe that our rural credit societies will be performing most of the functions provided for in their bylaws, and will achieve, the ideal of promoting "better farming, better business and better living" for the agriculturists. Rural reconstruction will then have been achieved. Instructions are being issued to Deputy Registrars in this regard and I request you to co-operate with them fully and wholeheartedly in the task of

organising our rural credit societies as live centres of economic and social activities which the common man will look up to for the satisfaction of his wants.

Extracts from Presidential Address of Mr. V. Viyyanna, B.A., B.L.

The total area of our Province is 7,98,75,951 acres and out of this only 3,18,90,989 acres are cultivated. Of late about 70 lakhs of acres of land has been diverted to the growing of commercial crops. The first burden on land is to supply food for the people. Population is on the increase in India, and more so in the Madras Province. Though ours is the second biggest rice producing Province in India, it is a deficit province. The agriculturist has no employment for six months in the year. The earning capacity of our agriculturist is very low, when compared to other countries. It is estimated at Rs. 50 a year, per capita, whereas in England it is Rs. 980, America Rs. 1,406, Canada Rs. 1,038, Australia Rs. 792. Indebtedness is still very high. Conditions in villages too are very deplorable. The villager has no decent house to live in. Sanitation is woeful. To remedy this sad state of affairs, it is necessary that there should be economic uplift of the agriculturist. Produce from land has to be doubled and for this good manure is needed. Improved methods of agriculture have to be introduced. Cattle wealth is necessary for increasing production. For all this money is needed. Marketing facilities have to be created. Facilities for storage have to be provided.

There are 35,430 villages in our Province with a population of 4,14,76,927. Of this 78,64,888 are urban. Taking into consideration the progress of the Movement since 1904, not more than 2 to 3 per cent of villages and not more than 5 per cent of the population have been brought within the movement. Agricultural Credit Societies are 11,878 in number, and other societies are 3,452. The agricultural societies have all along attended to credit activity; only from 1942 to 1947 there has been a great impetus to consumers co-operation as also to cottage industries societies. But since 1947, on the removal of controls, the consumers' movement is facing a crisis as also the handloom weavers' societies.

Co-operation, as stated before, is the only effective method for rural economic uplift. Every village and every villager shall be brought into the co-operative fold. As such it is necessary to fix a target for expansion and achieve it. The target should be to bring within a period of 10 years 50 per cent of the villages and 30 per cent of the population into the co-operative fold. This is a modest target, but it has to be achieved. Co-operators and Government have to do their best to achieve this target.

The village primary agricultural society has to be revitalised and enabled to serve all the needs of the agriculturist. Though till now this village society has been doing only lending business, it has been verily modelled as a multi-purpose society as will be evident from the objects and aims set out in the model bye-laws.

If these objects are put into operation the village society is nothing but a multi purpose society and it can render great service to the agriculturist in diverse ways. It is necessary for the efficient working of these multi-purpose village societies that they should have well-trained paid executive officers. In as much as the initial cost on this account will be heavy, it is necessary that Government should go to the help of these societies in the initial five years.

There is a school of thought which advocates grouping of some villages and forming one society for every such group. The Producer-cum-Consumer societies were based on this ideology as also the rural banks. This school has overlooked the fact that the village is our ancient institution and is the object of love of its inhabitants. Grouping is destructive of this entity of an ancient republic and will bring in intervillage jealousies, which is not good for a healthy growth of the movement. Therefore, it is necessary that as recommended by the Registrars'

Conference, that the area of operations of a primary multi-purpose society should ordinarily be the village.

The President then presented a Co-operative Constitution for adoption by the Conference for spreading the movement. The Constitution is based on the village primary multi-purpose society as the foundation for the edifice of co-operative expansion wherein is to be concentrated all the effort for the economic uplift of the agriculturist and increased production from land and growth of subsidiary avocations and cottage industries. The President advocated limited liability, instead of unlimited liability, as this is very unpopular in the Andhra districts and has been acting as hindrance to the spread of the Movement.

The second step in the edifice is a Federation of primary societies in a Revenue Firka, to undertake activities which are beyond the capacity of a single society such as procurement, milling, arranging storage facilities by building godowns, arranging transport facilities, arranging technical skilled personal to help cottage industries and subsidiary avocation, procuring raw material etc. He stated that the Producers-cum-Consumer societies could become Federations. The third stage is the creation of District Marketing societies, one for marketing foodgrains and one for marketing commercial products.

The President strongly urged the Producer-cum-Consumer societies in the Andhra Districts to take up rural housing and provide decent houses at modest cost to villagers. He stated that in this co-operative set up, financing should be by the District Banks only.

Ancient India was famous for its hand-loom industry, lace, metal works etc. The British Rule killed these cottage industries. The 2nd Great World War has given a great impetus to hand-loom industry and cottage industries. The hand-loom co-operative societies have increased from 215 in 1941 to 882 in 1946 and have produced cloth to the tune of 424 lakhs of rupees in 1946. Co-operative handloom industry is only 22 per cent of the total handloom industry in the Province. This industry is facing trouble owing to the decontrol of cloth and the full-switch on of all mills for production of cloth. Yarn is scarce. This industry has to be protected. It is as such necessary that the State should extend its protective hand to save and preserve this industry, which provides employment to lakhs of people. The President strongly pleaded for the State intervening and giving tariff protection, reservation of certain markets partly or exclusively for products of small industries. The President also suggested the starting of a Co-operative Spinning Mill for making available yarn for the hand-looms.

It is gratifying to hear the decision of Government of India to develop cottage industries with special emphasis on co-operative method. An all India Board for Cottage Industries will be set up and correspondingly Provincial Boards may be set up. A note of caution has to be uttered against the removal of cottage industries from the Co-operative Department, which if done may spell their ruin. In his opinion, all major industries should be centred in the Director of Industries, and all Cottage Industries in the Registrar of Co-operative Societies, who may be advised by a Board. Cottage industries have progressed well in Madras under the Co-operative Department. There has been an agitation to remove the dual control of the Registrar and the Director of Industries.

The President next dealt with the need for providing subsidiary avocations to provide employment to the agriculturist and his family during the off-season. Such avocations are Poultry, Bee-keeping, Dairying etc.

The President stressed the need for increasing milk production by starting milk co-operative societies and dairy farms. He stated that the Andhra Districts are lagging behind the Tamil districts, though there are many facilities in the Andhra districts. Milk is an important item in the diet and as such its consumption has to

be increased. Only 27 per cent of the total milk production in the country is used as milk and that too mostly in Northern India. The President pleaded for the starting of cattle salvage co-operative societies and prevent cattle slaughter.

The President then dealt with the need for improving production from land, fragmentation of holdings and Co-operative Farming. He argued thus on the question of holdings.

The average unit of land per individual in India is said to be 3 to 4 acres. In every village the land is held by a large number of petty land owners. People who own even 50 acres per head are few. In certain areas like Tanjore there are no doubt big Mirasdars owning hundreds of acres. In the Telugu districts land lords owning land over 500 acres can be counted on one's fingers. Even those who own 100 acres are far fewer than petty land owners. There are very many who own between one acre and ten acres. This being the case I do not see how it is possible to consolidate holdings without upsetting ownership of land and creating a class of people who own land of more than a sizable extent and multiplying land less agricultural labour who again will go out of employment if mechanical means are employed in agriculture. Again big land owners own lands scattered over the entire village. To consolidate and unify the scattered land requires equally big land lords owning land adjacent to one another for purposes of exchange. Other wise even here consolidation will lead to extermination of the small landholder. It is very easy to evolve theories but it is difficult to translate them into practice. It is said that consolidation through co-operative societies has achieved some success in The Punjab, but I am not very hopeful of such a result in our Province where agriculturist's attachment to land is very great. Any forcible dispossession by legislation is bound to become unpopular. Co-operative Farming does not affect any of the fundamental social institutions or customs and does not also interfere with private ownership of property and at the same time will result in increased production.

There are 4 types of co-operative farming societies recommended by the All-India Planning Committee.

It is for co-operators to consider which of these four types of societies is best suited to our Province. In the second and fourth types of societies, Better farming and Collective farming, the members receive wages and in my opinion there will be no incentive to work hard and earn higher profit. Far from being conducive to improved output, knowing human nature as we see daily, it will lead to diffusion and inefficiency of labour. The first and third types of societies, joint farming and tenant farming, are in my opinion the best suited to our conditions. In fact very many of the functions contemplated by the first type of society are provided for in the village multi-purpose society which can attend to this better farming. Clause (g) of the functions of the village society provide for better farming activity. Instead of having two societies in a village—a village society and a better farming society—it is better to combine both activities in the village multipurpose society. The third type of society, tenant farming, may also be encouraged and it will be of great help to the large body of landless agriculturist labour. The absentee land lord, and the big land holder will be better inclined to lease his land to a society, rather than to landless labourers. The society may also bid at Government auctions of waste lands, lanka lands etc. The large body of Harijans who are landless people, but who are good agriculturists can have recourse to this type of co-operative society. In these two types of societies the defects of joint farming or collective farming are absent. Individualism and incentive to profit earning and hard work are not lost. This does not mean that the other two types of societies may not be tried. There is any amount of waste land at the disposal of Government in certain areas. Societies of the 2nd and 4th types may be formed and tried in such areas.

Andhra Province is rich in fruits and the soil is fertile. Oranges, kamalas, mangoes, jack, plantain, pine-apple, lemon, sapotas, coconuts etc., are grown in plenty. There is a large export of these varieties of fruits to other provinces. There are only three fruit growers societies, one at Cuddapah, one at Palakol and one at Rajahmundry. The entire business of fruit export is in the hands of merchants and middle-men. In America, fruit growers' societies not only market members' fruit, but supply manure, insecticides etc. The value of fruit in the human diet is stressed by Doctors. It is said that every individual should take 2 ounces of fruits daily. As such it is necessary that more fruit growers' societies should be established and fruit growing and marketing should be encouraged. Fruit is a perishable commodity. Refrigerator arrangements have to be made to preserve fruits in storage and transmission to long distances. The State has a duty herein also.

Consumers Co-operation did not make headway prior to the 2nd Great World War. The conditions created by the 2nd Great War gave a great impetus to the growth of Consumers Movement in the Province both in rural and urban areas. In the year 1943-44, the number of primary stores was 1,191, in 1944-45 it was 1,286. In 1945-46 it was 1,346 in 1946-47 it was 1,688.

To help these primary societies in procuring the consumer goods on a wholesale basis 22 wholesale stores were established.

Of these 1,688 primary stores 1,132 are rural, 346 are semi-urban and only 210 are urban.

It is pleasing to note that the rural store did great business and helped the rural folk in times of black-marketing, soaring prices and contributed to an equitable distribution of consumer goods among the really deserving people. This good work was done on account of rationing. The main transaction of these rural stores was in rationed articles.

Food grains, Rice etc. Rs. 587.22 lakhs. Cloth Rs. 54.06 lakhs. Fuel Rs. 4.15 lakhs. Other Consumer goods Rs. 16.32 lakhs.

It is evident from these statistics that on removal of controls, the store generally and in particular the rural store is faced with a serious problem. It has now to face competition from the merchants, who resort to every device to capture the market. It is, therefore, the duty of the Government and the co-operators to face the problem facing the large number of consumer societies and find a solution for their survival. The merchant has another advantage over the co-operative society in that he can sell for credit. The co-operative societies will have also to introduce sales on credit. The Rochdale stores in England have introduced sales on credit to prevent members going to merchant, though such a thing is said to be opposed to co-operative principles. Co-operators and Consumer societies will ponder well and follow the precedent set up by the English consumer stores.

It is also necessary to strengthen the wholesale store and make it more useful to its primaries. There is a growing tendency of disloyalty to the wholesale store on the part of the primaries and to a large extent the wholesale store is the cause of this dis-loyalty. It is time the management of wholesale stores opens its eyes and checks this tendency which is ruinous to its existence and utility. The proposal for the starting of a Provincial Consumers Central Store at Madras, which has been kept in abeyance by reason of the existence of controls, should now be revived, and steps should be taken for the bringing into existence of this Central agency.

This Province is leading other provinces in long term credit movement through the land mortgage banks. There are only 120 primary banks in the province. Dr. B. V. Narayanaswami has stated that there is still an agricultural debt of

Rs. 217 crores in spite of the boom in prices. There is great scope for the land mortgage banks to help the agriculturist in diverse ways both for liquidating debt and for improving land. It is as such necessary to multiply these primary land mortgage banks and also make the loans available quickly and at lower rate of interest.

It is gratifying to hear that to popularise the Debentures issued by the Central Land Mortgage Bank, the Reserve Bank has agreed to subscribe 10 per cent of the debentures that are to be shortly floated. The Reserve Bank, has also, it appears, agreed to lend up to a reasonable amount on the security of the C. L. M. Bank debentures. Though one of the primary objects in establishing the Reserve Bank was to supply agricultural credit, till now the attitude of the Reserve Bank was unhelpful to the Co-operative Movement and the agriculturist. It is good that there has been a change of heart on the part of the management of the Reserve Bank.

The promotion of thrift and the development of the saving habit among the rural, semi-urban, as well as urban, middle and lower middle class population are important aspects of co-operative ideology. Now that prohibition is introduced in almost the entire province, it is indeed imperative that immediate attention of the co-operators should be given to this aspect as well. One of most effective and well known modes of investment all the world over is in a Life Assurance Policy. Such an investment is doubly secure, in as much as it is proof against any depreciation, and secondly, a larger amount that is actually invested, is secured for the family of the investor in the event of his untimely death. Investment in life insurance is in the nature of a compulsory and methodical saving, which cannot be easily withdrawn as in the case of investment in a bank. The per capita life insurance in U.S.A. is Rs. 2,800, in the United Kingdom Rs. 973, but in India it is only Rs. 12.

A co-operative life insurance society is an ideal concern for investing one's savings. Under the Indian Insurance Act, co-operative life assurance societies are specially empowered to issue policies for sums below Rs. 1,000 with the sole object that the rural population can have the benefits of life assurance. The members of various co-operative societies can take advantage of the benefits offered by the co-operative life assurance societies and effect an arrangement with their societies for the diversion of the amounts standing to their credit in their thrift deposits towards insurance premia. The Registrar has recently issued a circular recommending the diversion of the thrift deposits of the members of weavers' societies towards their insurance premia and has exhorted on all the members of the weavers' societies to insure their lives with the South India Co-operative Insurance Society. The Registrar deserves our sincere thanks for this.

To achieve the target of bringing 50 per cent of the villages and 30 per cent of the rural population within the co-operative movement, intensive propaganda is very essential. The best form of propaganda is visual education by means of films, magic lanterns, holding of periodical conferences and exhibitions in rural areas etc. With the help of the Government of India's grant, a five year programme of mass education was put through in this Province. Thereafter, a scheme of Panchayatdars' Training classes was put through for two years. In this scheme of Panchayatdars' Training classes, provision was made for both kinds of education. This scheme has now been given up. The Madras Provincial Co-operative Union has recommended a new scheme to the Government, wherein the district banks will have an important role to play. The Language Federations have also an important place in this scheme.

For the successful working of any scheme of education and mass propaganda large finance is needed. Co-operative institutions have to co-operate in raising the money so needed. The Common Good Fund of all societies can be pooled together into

a big fund in each district and utilised for education and propaganda instead of frittering it away in the shape of small grants. Co-operators have to run schools for the children of members. They have to run dispensaries and maintain small nursing homes. This kind of activity not only helps its members but has a psychological effect on the minds of non-members and attracts them into the co-operative fold. I therefore appeal to all co-operators to act with a missionary zeal for the education of the masses. I appeal to all co-operative institutions to divert all their common good fund to propaganda and propaganda alone.

It is a great pleasure to find that in Bombay the Hon'ble Minister for Co-operation, Sri V. L. Mehta, has helped the creation of a Propaganda and Education Fund in the Provincial Co-operative Institute, by a statutory provision made for the diversion of a percentage of the profits of societies for "Propaganda and Education" and the Government has agreed to provide an equal amount to the sum so raised. This good example is worthy of being followed in our Province, which is leading other Provinces in Co-operation.

The President briefly set out the help which could be rendered by the State to help and foster co-operation as per the recommendations of the All-India Co-operative Planning Committee and stated: It may not be possible for our Government to implement these proposals on account of the heavy financial commitments involved therein and taking into consideration the financial position consequent on the introduction of Prohibition. But it certainly can and should help at least by giving liberal grants to the Provincial and Language Unions for Propaganda and Education of the masses.

He said that it was necessary that in all colleges and high schools, Co-operation should be introduced as a compulsory subject and steps taken for getting the necessary literature on co-operation written in the local languages. It is also necessary that in the elementary schools, principles of Co-operation should be taught in the form of stories.

The President appealed to all Co-operators to intensify their efforts for the spread of Co-operation among the rural people. Co-operation is a democratic institution, managed by its members. It is the non-official worker that has to run it in a spirit of service and not for any profit. The Movement has been in the hands of non-officials all-along. There is greater need for a large body of workers imbued with the missionary spirit of service. Educated men should volunteer their service for the poor, which is really service of God.

The following were among the Resolutions passed by the Conference.

This Conference recommends to the Government that a primary multi-purpose society should be established in each village within a period of five years, remodelling and reorganising the present primary society so as to serve as a centre for the general economic improvement of its members and should, in particular:—

(a) Finance crop production; (b) Act as agent for the sale of crop to the nearest co-operative marketing organisation; (c) Supply the farmer's simple needs for production, like seed, cattle-feed, fertiliser and agricultural implements; (d) Act as agent for procurement; (e) Serve as milk-collecting stations for the nearest dairy and as a centre for animal first-aid and maintenance of stud-bulls; (f) Serve as a centre for maintaining agricultural machinery for joint use of the members; (g) Encourage subsidiary occupations for members; (h) Supply consumer goods like, cloth, kerosene, salt, matches, on the basis of established needs; (i) Construct buildings; and (j) Function as proper media to execute the schemes sponsored by the Government.

This Conference recommends to the Government that a society for each firka be started with a share capital of one lakh of rupees with membership primarily

confined to village primary societies with a few individuals so as to serve as a federation and for the following purposes:—(a) procurement of food and other agricultural produce for the agriculturist; (b) finance for the purchase of agricultural produce; (c) supply of consumers' goods to its member societies; (d) to arrange to sell to the District Marketing Federations members' produce; and (e) construction of houses for rural people in villages.

This conference recommends to the Government the formation of a District Marketing Federation for the sale of crops of member societies (food and commercial) consisting of Firka procurement-cum-distribution societies and a small number of individual share-holders and with a share-capital of Rs. 3 lakhs at Rs. 100 a share.

This Conference recommends that for the supply of consumer goods to all consumer societies the District Wholesale Stores be utilised.

This Conference recommends that all finance for co-operative institutions shall be given only by the Co-operative Central or District Banks.

This Conference is further of the opinion that the recommendation of the Gadgil Committee for the creation of a Financing Corporation is unnecessary in Madras and is also unworkable and costly.

To carry the benefits of Co-operative Movement to all villages and for an intensive spread of the Movement of the greatest service to the Rural people, this Conference urges upon the co-operators and the Government to fix a target of ten years, divided into two periods of five years within which 50 per cent of the villages and 30 cent of the rural population should be brought within the co-operative fold.

For the efficient and intensive working of the village multi-purpose society in all its aspects, this Conference is of the opinion that a paid, trained and full-timed officer is necessary. And in as much as the cost of each society in the first three years may not be bearable, this Conference requests that the Government should subsidise the cost for the period.

Whereas unlimited liability is creating a scare and preventing well-to-do and influential people from joining the village primary societies, this Conference resolves that the liability of the members of these multi-purpose agricultural credit societies be limited.

This Conference notes with regret that the Wholesale Stores in Andhra districts have not worked as well as in Tamilnad and is of the opinion that the Wholesale Stores should be strengthened and remodelled so as to serve the needs of all primary stores and village multi-purpose societies; and to this end recommends that attempts should be made by the managements of the wholesale stores to: (a) create better feelings of loyalty from the primaries; (b) purchase such commodities on wholesale basis as are in demand in primaries; (c) start processing, oil-milling, coffee powdering etc; and (d) give up retail-selling.

Resolved that in the interest of Consumers' Co-operative Movement adequate representation should be given to the primary co-operative stores in the Boards of Management of the Central Wholesale stores in proportion to the total number as against individual members.

This Conference appeals to all primaries to co-operate with the Wholesale stores in the effort to strengthen them and develop feelings of loyalty.

In as much as the future of rural stores is beset with difficulties, this Conference is of the opinion that such of the rural societies, which are weak should be amalgamated with the village multi-purpose societies and such as are strong should be developed.

This Conference is of the opinion that in the constitution of wholesale stores primary stores should have a predominant voice and individuals voting should be reduced to a fourth of the total voting and that the village multi-purpose society should be admitted as a member.

This Conference resolves that the Government of Madras be requested to have all agricultural implements, manures and seeds distributed immediately through co-operative societies.

Owing to the large development of handloom weaving industry, this Conference is of the opinion that immediate arrangements should be made for starting a Co-operative Spinning Mill, the Government contributing half the capital, Provincial Weavers' Society and the Primary Weavers' Societies contributing the other half.

This Conference draws the attention of the Government of Madras to the serious situation facing weavers' societies wherein stocks have accumulated and all the cash resources of the societies are exhausted and urges the Government to speed up and improve the present arrangements to clear the stocks, lest the societies should collapse.

As the present marketing arrangements for the stocks of the weavers' societies have not brought about any practical improvement in the situation, this Conference requests the Government to purchase all the accumulated stock in the weavers' societies and to evolve more efficient ways than at present to dispose of the surplus stocks of weavers' co-operative societies.

This Conference further requests the Government to take steps to prevent the threatened extinction of the handloom industry and strengthen this national cottage industry ;

(a) by evolving protective measures against mill competition ; (b) by reducing the prices of yarn supplied to the handlooms ; (c) by creating preferential markets ; (d) by encouragement of use of handloom goods in Government establishments ; and (e) by granting subsidies to weavers and weavers' societies and such other suitable measures.

Resolved that all weavers should be enrolled as members of Co-operative Weavers' societies and all yarn distribution and buying finished goods must be done only through the medium of co-operative weavers' societies.

This Conference requests the Government to arrange for the supply of yarn sufficient for employing a weaver for four weeks in the month before enforcing reduction of wages.

The Conference requests the Provincial Handloom Weavers' Society to supply silk yarn to Co-operative Handloom Weavers' Societies having members who are weavers of silk.

This Conference requests the Government to grant exemption from sales-tax on handloom goods sold by primary stores, either exclusively or along with mill-made cloth.

With a view to the uplift of Harijans the Government is requested to prepare a scheme to advance loans to Harijans for purchasing looms and yarn, permitting repayment in cloth on a co-operative basis.

The Government is requested to start dyeing factories on a co-operative basis.

This Conference welcomes the decision of the Government of India to encourage cottage industries giving it a co-operative preference and appeals to the Provincial Government to take up immediately the development of cottage industries by appointing a Special Joint Registrar of Co-operative Societies.

This Conference is of strong opinion that for a healthy and intensive development of cottage industries in the Province Co-operative method is the only method to be adopted and as such any scheme to create separate Cottage Industries Board will be a failure and should be given up.

To increase the earning capacity and purchasing power of the agriculturist and provide him employment during the off-season, this Conference is of the opinion that Government and co-operators should take immediate steps to organise and develop subsidiary avocations like Poultry, Bee-keeping, Dairying etc. This Conference is of the opinion that steps should be taken to train persons in the poultry keeping and send them into villages for propaganda and demonstration.

In as much as Iron and Steel are sold in black market at exorbitant rates and in as much as there is great demand for agricultural implements this Conference appeals to co-operators to start at important centres like Rajahmundry, societies for the manufacture of agricultural implements like sickles, spades, crowbars, iron ploughs, carts etc.

In as much as milk supply societies and Unions have not progressed and developed in Andhra Desa on the scale and utility as of Coimbatore, Madura and Madras, this Conference appeals to co-operators to take steps to develop them and be serviceable to the people.

This Conference requests the Government to develop milch cattle and stud bulls.

This Conference requests the Government to start more Dry Cattle Salvage Farms on the model of the Madras Farm and prevent slaughter of cattle for food.

This Conference requests the Government :

(a) to sanction stud bulls and buffaloes to all the milk supply Unions with a view to improve the breed ; (b) to organise milk societies in all municipal towns and other urban areas in order to increase the production and consumption of milk ; (c) to open a cattle breeding station at the head-quarters of each district and and suitable centres ; and (d) to assign Government lands and great substantial subsidies to start cattle salvage schemes in Andhra Desa.

This Conference is of the opinion that for the spread of the Movement intensive propaganda is necessary among rural people and to this end the Andhra Desa Co-operative Union should be strengthened. In as much as large funds are needed for propaganda this Conference resolves to request Government (a) to give substantial grants to propaganda institutions (b) to pass legislation on the Bombay Province model providing a portion of the net profits of societies for propaganda.

This Conference requests co-operative institutions to set apart 50 per cent of their Common Good Fund and pool it in the Central Institutions for propaganda and education.

This Conference appeals to all co-operative institutions to introduce to members and staff benefits of health and education.

This Conference is of the opinion that for an intensive production of food grains, co-operative farming is the best method and should be encouraged by Government giving it first priority. This Conference is of the opinion that of the four types of co-operative farming recommended by the All-India Planning Committee, the two types best suited are ;—

(a) Co-operative Tenant Farming Society ; and

(b) Co-operative Better Farming Society. Government should experiment with the other two types (1) Co-operative Joint Farming (2) Co-operative Collective Farming, utilising Government Lanka lands, waste lands etc.

This Conference deeply regrets the resolution of the Government to levy audit fees from co-operative societies, especially, village societies, and appeals to Government to reconsider the same.

This Conference is of the opinion that Supervising Unions should be strengthened and that for the efficient discharge of their duties, a supervisor should be entrusted with not more than 12 to 15 societies, the increased cost being borne by the Government.

This Conference requests the Government to appoint immediately a separate Registrar for the Andhra Districts.

In view of the great need for the separate apex and Central Institutions for the Andhra Districts this Conference resolves, bifurcation of the Madras Provincial Co-operative Bank, the Co-operative Central Land Mortgage Bank, the Madras Provincial Co-operative Handloom Weavers' Society and the Provincial Co-operative Marketing Society, Ltd., Madras.

This Conference resolves that it is absurd to post Deputy Registrars who cannot read, write or speak Telugu, to Telugu districts and requests the Government to transfer such officers forthwith from the Telugu Districts.

Consequent on the abolition of controls on Food stuffs and other necessities of life, competition in the free market has become a problem. Service to humanity, trade without profit, and mutual help having been the principles governing the Co-operative Movement much difficulty is experienced in paying the Sales Tax. Hence the Conference requests the Government to exempt Co-operative societies from payment of the Sales Tax.

As there are a number of qualified candidates available for service in the Co-operative Department, this Conference recommends to the Government to reserve 15 per cent of the vacancies to candidates with requisite age and other qualifications.

This Conference while resenting the expenditure incurred by the Co-operative Central Land Mortgage Bank on the Deputy Registrars and Co-operative Sub-Registrars as unjust, resolves to request the Government and the Registrar to bear the expenditure and requests the Co-operative Central Land Mortgage Bank to divert that amount, so saved, towards subsidies to primary land mortgage banks, working at a loss.

This Conference requests the Registrar of Co-operative Societies to permit co-operative institutions to grant unconditional payment of one month's salary as bonus to their paid employees, notwithstanding anything contained in their by-laws.

The Conference requests the Registrar to permit amendment of the by-laws of the Primary Land Mortgage Banks, providing for the creation of a "Building Fund."

In view of the importance of investigation of title from the time of Block Survey, this Conference requests the Government and the Registrar to arrange for the grant of encumbrance certificates free of cost.

As the one month time-limit provided in the Land Mortgage Bank Act is standing in the way of the Bank to attach the produce of defaulting member earlier, this Conference requests the Government to reduce the time limit in the Act to less than a month.

To facilitate prompt and easy collection of instalments by distraining produce and other movables, this Conference requests the Registrar to entrust the duties of Sale Officer to the Co-operative Sub-Registrar.

This Conference is unanimously of opinion that Industry, Trade and Commerce touching food and clothing should not be entrusted to the self-centred and profit-seeking merchants but should be dealt with on co-operative lines under the supervision of the Co-operative Department and the Government only.

ALL-INDIA CO-OPERATIVE INSURANCE SOCIETIES' ASSOCIATION

Extracts from the speech by Mr. Madhavlal M. Bhatt, J. P., at the 3rd Annual General Meeting held at Bombay on 25th. June 1948.

Co-operative insurance has not as yet achieved its rightful place amongst the sister insurance institutions and the masses of our people. Our Association has also not yet been able to take its rightful place in the counsels of the Government of India. Representations made by the Association from time to time to the Co-operative Departments of the Provinces and to the Central Government have not met that close and earnest attention which is their due. Even the assistance and the spirit of sympathetic understanding and close co-operation expected from other non-official co-operative institutions has not been forthcoming in ample measure. All this goes to show that we must devise ways and means to strengthen our Association by a closer collaboration and co-operation between member Societies.

That does not mean, however, that during the span of two years that the Association has come into being it has not achieved some measure of success. First and foremost of its achievement, in my opinion is the placing of Co-operative Insurance on the Agenda of the All-India Co-operative Conference held at Madras last year. It is gratifying to note that at that Meeting a comprehensive resolution on Co-operative Insurance was adopted.

The Association can also take justifiable pride in having Section 4 of the Insurance Act 1938 amended by the Dominion Parliament through a Private Bill and thus undo the wrong done to the co-operative insurers in the matter of their writing policies for sums assured below Rs. 1000 /-.

There are, however, a number of important matters on which, so far, unfortunately no progress has been made. I refer to the matter of assessment to income-tax of co-operative insurers, relaxation of restrictions in the matter of investment, amendments to the orders under the Payment of Wages Act with a view to permit Co-operative Societies to recover premia advanced from the pay-sheets, devising ways and means for closer collaboration and co-operation between the co-operative insurers and the sister co-operative societies in the matter of covering of risk on the life of each and every member of the co-operative society at a minimum cost. There are also the questions relating to extension of the method of co-operation to fields of insurance other than life, such as fire, and general insurance, motor insurance, crop insurance, cattle insurance and the like.

In view of the rapid development of Co-operative Movement during the war years, particularly the expansion of consumers' co-operative societies and the phenomenal rise in number of co-operative housing societies, given good will and active support from all co-operators, a co-operative insurance society transacting fire and general insurance business has a tremendous opportunity and scope to occupy a predominant position in the general insurance business. It is a pity, therefore, that though a special Committee appointed by the Bombay Provincial Co-operative Conference held as early as May 1944 has very strongly recommended the organisation and starting of a co-operative insurance society to transact general insurance business, no such society has yet come into being. It would

appear that there is want of appreciation of urgency and importance of starting such a Society on the part of the leading co-operators in Bombay and elsewhere. If no other co-operative body or institution will take up this matter in right earnest I am sure you will all agree with me that our Association must itself take up the matter and see that such a society comes into being within a matter of months and thus open a new chapter in the history of the Co-operative Movement in India.

In the changed circumstances of today when the premier political organisation in India, the Indian National Congress has stated as its objective, the creation of a Co-operative Commonwealth, all of us co-operators have a great opportunity to translate our ideals into practice. This, however, can only be achieved by hard ungrudging and devoted work to the cause we have so dear to our hearts. Co-operative insurers have a special and essential role to play. It is they and they alone who can and must strive their level best to reach the masses spread over the countryside. Insurers not working on co-operative principles will only be guided by considerations of profit. To them ordinarily the motive of service is secondary. To us, however, the motive of service is a primary factor. Looked at from this point of view, we have as yet hardly touched the fringe of our problem. I would wish the Association and the Standing Committee will give its earnest thought to this aspect of the question.

The following resolutions among others were passed.

This Meeting of the Association invites the attention of Government of India to the recommendations made in the report of the Co-operative Planning Committee presided over by Mr. R. G. Saria to exempt Co-operative Insurance Societies from payment of Income tax on interest earned by them on all their investments, and to the Resolution passed by 7th All India Co-operative Conference held at Madras on 10th and 11th May 1947 endorsing the said recommendations and requests Government of India to grant the necessary exemption as above. This Meeting notes with satisfaction the orders passed by the Governments of Baroda and Hyderabad exempting Co-operative Insurance Societies from payment of Income-tax.

Pending the granting of relief as above, this Meeting further requests Government of India to immediately fix the ceiling rate of Income-tax payable by them to 42 pies in the Rupee instead of 60 pies in the Rupee as at present. This Association further requests the sister Co-operative Institutions particularly the All India Co-operative Institutes' Association and the Provincial Co-operative Banks' Association to assist it in obtaining the necessary relief from the Government of India.

This Association notes with interest the efforts being made to start Co-operative Fire and General Insurance Societies and directs the Standing Committee to render all possible co-operation to such efforts wherever and by whomsoever they are made.

This Meeting of the Association regrets that no action has, as yet, been taken by the Government of India, the Provincial Governments and Governments of States on the Resolution on the Co-operative Insurance passed by the 7th All-India Co-operative Conference held at Madras on 10th and 11th May 1947 and urges upon them to take immediate steps to give effect to the recommendations made therein and to

(a) subsidise extra premia required to be charged to Rural policy-holders by Co-operative Insurers with a view to make available Insurance Cover to Rural masses.

(b) amend the orders under payment of Wages Act so as to permit the deduction of premia from pay-sheets in respect of policies taken out by Industrial workers.

(c) pay to Co-operative Insurers interest at 1 per cent above the Reserve Bank rate in respect of the Statutory Deposit and the funds required to be invested by them in approved securities.

The Association requests the Government of India to allocate a definite exclusive quota of shares of the Industrial Finance Corporation for investment by Co-operative Insurers.

This Association earnestly requests the Government of India to nominate a representative of the Association on the Insurance Advisory Committee to represent its point of view on Insurance and allied matters.

The attention of the Association is drawn to the various Acts of the Central and Provincial Legislatures whereby certain Insurance Covers, such as Motor Insurance cover are made compulsory and press the Government of India and Provincial Governments to entrust the administration of such compulsory Insurance Schemes to Co-operative Insurers only.

Resolved further that wherever such Co-operative Insurers do not function, steps be taken by the authorities to organise Co-operative Insurance Societies for the purpose.

Resolution for adoption on the International Co-operative Day, 1948.

On the occasion of the 26th International Co-operative Day, The International Co-operative Alliance which stands for economic and social justice, liberty and the peaceful association of the whole human family, declares that one of the main reasons for the present state of world affairs is the lack of a co-operative spirit in the political and economic relations between the nations.

But it affirms that, in the Co-operative Organisation, national and international, with its tested and tried principles, the people of the world have in their own hands the instrument to overcome the prevailing distress and disunity.

The International Co-operative Alliance further declares that the progress of co-operation is one of the most powerful factors for the preservation of universal peace, and that the causes of friction in the world will disappear as the social and economic life of every nation becomes organised according to the Co-operative Principles.

The International Co-operative Alliance, therefore —

Appeals to the people of every country to join the Co-operative Movement and to apply its basic principles in all walks of life;

Calls upon the Co-operators of the world to work with all the means in their power to secure, uphold and defend Freedom, Justice and Peace;

Urges the Co-operative Organisations of all lands to give their wholehearted support to all earnest endeavours which may be made nationally or internationally with the sincere object of re-establishing goodwill between nations, of promoting economic security, and of raising the standard of living of the peoples of the world.

Reaffirms the belief that by the application of the Principles of Co-operation to all forms of production and distribution the present shortages of goods can be overcome by the rationalisation and expansion of production, and the establishment of a just, free and efficient system of distribution.

Co-operators of the world! unite and work for—

freedom from want; freedom from fear

in a world where peace is secured by Co-operation.

CO-OPERATIVE SOCIETIES AT WORK IN INDIA

COORG

Extracts from the Report on the working of Co-operative Societies in Coorg for the year ending 30th June 1947 By Mr. P. M. Chengappa, Registrar.

During the year five new societies were registered and ten societies—three Anti-lantana, six Anti-malaria and one Better Living Society—which were not functioning properly were amalgamated with the respective village credit societies and one rural credit society was divided into two societies. The total number of societies at the close of the year was reduced to 359 (365); and they are

Provincial Bank	1	Non-Agricultural Credit Societies	17
Provincial Marketing Federa- tion	1	Store Societies (Consumers and Producers)	39
Urban Banks	3	Better Living Societies	4
Local Supervising Unions	13	Thrift Societies	4
Rural Credit Societies	186	House Building Society	1
Rural Grain Banks (Credit)	81	Ladies' Societies	

It is interesting to note that all the marketing societies continued to function as producers-cum-consumers societies. Some of the bigger multi-purpose societies like Karmad Society helped the members in the sale of their produce and the purchase of certain articles on indent system. Some of the rural societies round about Mercara and the Hebbale Society did excellent team work in cleaning up the village and road construction. With a view to solve the food problem all the stores, marketing societies and a few selected credit societies functioned as ration shops.

All the revenue villages are served by co-operative societies. The membership in all classes of societies rose to 40,957 (37,774.) The membership is on the increase every year. There is every scope for increasing the membership to at least a lakh. At least one person in a family has joined one type of co-operative society or other.

The working capital of all classes of societies including the Provincial Bank showed an increase and amounted to Rs. 41,19,691 (34,42,371).

The percentage of collection slightly decreased from 88.56 to 87.3. All the loans are covered by adequate securities. There is great clamour for big loans though the time is very inopportune.

The following gives the details of the classification of societies as per the list prescribed by the All-India Registrars' Conference: 'A' class 195 (192); 'B' class 106 (102); 'C' class 20 (25); and 'D' and 'E' class 5 (5).

The Coorg Provincial Co-operative Bank, Ltd., continues to work satisfactorily. The progress of the Bank is detailed below:

Membership rose to 918 (900) of which 582 (564) are individuals and 336 (336) are societies. There was also a slight rise in the paidup share capital from Rs. 1,29,250 to Rs. 1,43,086. The Bank declared a dividend of 5 per cent on paid-up share capital. There was an increase in deposits received during the year which amounted to Rs. 12,41,049 and withdrawals amounted to Rs. 11,31,565 leaving a balance of

Note: Figures in brackets relate to the year 1945-46

9,37,558. There has been appreciable improvement in the number of accounts and transactions under the savings bank account. The rates of interest prevalent last year were continued during the year. Of late, the rates have been slightly enhanced with a view to attract more deposits, particularly of the longer duration.

The rate of interest on loans advanced to credit societies and marketing societies continued to be at $6\frac{1}{4}$ per cent and 5 per cent respectively. There is an appreciable increase in the amount of loan advanced which stood at Rs. 7,42,220 (84,19,055.) The percentage of collection over demand was 94.8 (98.7). This slight fall gives an indication of the onset of depression in a mild form. The Bank has framed suitable rules for the grant of loans on the pledge of jewels. Unfortunately many of the members have not taken advantage of this loan—probably for want of due publicity. Similarly, the Bank has drawn up an elaborate scheme for the grant of long-term finance extending over a period of 20 to 25 years for repayment and the same is being examined by the Government in connection with the Bank's request for some financial assistance. There is every hope of the Bank introducing the long-term branch before long with an initial sum of Rs. 2 lakhs.

The Bank has evinced keen interest in the working of the Provincial Federation and marketing societies and has given full accommodation to those societies in their activities particularly for the procurement and supply of paddy to the co-operative ration shops in Coorg and to the deficit Provinces of Mysore and Madras. It is under contemplation to take up the agency of the Bombay Co-operative Life Assurance Company.

Local Supervising Unions numbered 13 same as in the previous year. The number of societies affiliated to the Unions rose to 319 (307), membership to 20,814 (20,195) and working capital to Rs. 12,29,790 (12,03,450). The working of all the Unions was satisfactory.

AGRICULTURAL CREDIT SOCIETIES.

Societies dealing in cash rose to 186 (185) and the membership and paid-up share capital increased to 18,772 (16,675) and Rs. 2,98,034 (2,79,127) respectively. Members' deposits increased to Rs. 2,53,979 (2,01,115), non-members' deposits to Rs. 2,23,122 (2,15,485) and the Provincial Bank loan to Rs. 3,39,738 (3,34,682). The Government loan fell to Rs. 2,226 (3,533). The loans advanced during the year amounted to Rs. 5,40,461 (5,33,442) and the working capital to Rs. 16,12,537 (14,98,551).

The total loan outstanding at the close of the year was Rs. 11,65,749 of which Rs. 9,26,013 was covered by landed securities and the balance of Rs. 2,39,736 by personal securities. It is pleasing to note that a very good portion of the outstanding debt is covered by substantial landed security. The purpose of loans granted are classified as follows :

- | | |
|--|-------------------------|
| (a) Agricultural purposes and purchase of cattle | Rs. 8,50,074 (8,41,833) |
| (b) Liquidation of debts | „ 1,77,690 (1,60,610) |
| (c) Domestic and other purposes | „ 1,37,985 (98,728) |

The percentage of collection to demand works to 85.8 (88.06). The slight fall is attributable to the increased cost of living. Many of the societies continued to give liberal grants to the High Schools and Higher Elementary Schools in their respective jurisdiction. The most common rate of interest charged ranged from 5 to $8\frac{1}{2}$ per cent.

It is praiseworthy that some of the rural credit societies did team work in the clearance of lantana around temples and communal grazing grounds, restoring village communications and joint purchase and distribution of some necessities of life. Two societies are also running private Lower Elementary Schools.

Societies dealing in grain : One grain bank was registered during the year raising the total number under this head to 81. Membership rose to 6,980 and the

working capital to Rs. 89,091 which is calculated at a very nominal rate of Rs. 8 per batti of 80 Coorg seers of paddy, keeping on par with the calculation of pre-war prices even though the present price per batti works to Rs. 8-5-4.

Loans in kind advanced during the year amounted to Rs. 42,907 and the percentage of collection works to 81.35. The fall in the amount of loans advanced and the collection is due to the introduction of rationing in the Province. The loan outstanding against the members at the close of the year was paddy worth Rs. 19,047 (32,379) and the rate of interest together with incidental charges of storage, shrinkage and handling varied from 10 to 20 per cent. The loans are advanced on personal sureties. The net profits earned during the year increased to Rs. 5,148 (4,957) and four grain banks worked at a loss of Rs. 774 (666).

The utility of such grain banks is best known in times of stress, like the food rationing in rural areas. The whole trouble in the working of these types of societies is the want of proper house for storage. If each grain bank can own an office-cum-wooden granary, the institution will work very well. Assistance from Government to the extent of 50 per cent of the cost of such buildings is necessary.

NON-AGRICULTURAL SOCIETIES.

Credit Societies : The number of societies under this category rose to 21. Membership increased to 3,650. Share capital rose to Rs. 2,04,566 and working capital to Rs. 6,91,335. The collection of loans showed a decrease to 87.46 per cent (88.02 per cent).

The Coorg Provincial Co-operative Marketing Federation : Membership of the Federation rose to 107 (55) and share capital to Rs. 6,640 (4,990). As suggested last year, this institution should work up the target of Rs. 25,000 paid-up share capital by the end of the next year. There was an increase in the volume of business transacted during the year which amounted to Rs. 14,23,346 (11,39,205). The activities of the Federation are detailed below ;

Paddy transactions : As in the previous year the Federation was entrusted by the Government with the task of procurement and supply of paddy of about 10,800 tons to the deficit Provinces of Madras and Mysore and also to the ration shops run by the various co-operative stores and marketing societies. All the paddy marketing societies and some paddy merchants acted as sub-agents of the Federation.

Standard Cloth : As the Government of India wound up the scheme of supply of standard cloth, all the marketing societies paid the sale proceeds to the Government after the clearance of the entire stock.

Agricultural implements and ammunition : The purchase of ammunition and implements amounted to Rs. 24,093 and sales totalled Rs. 36,709. As sufficient quantities of articles of ammunition could not be secured, there was a fall in that branch of trade. So also there was a set-back in the supply of articles by the Shoranur implements factory owing to restriction in the iron and steel quota. These two items of trade have undoubtedly assisted the ryots in securing the articles at a comparatively cheaper rate.

The Federation has played an important part in the food rationing of the country. About 50 per cent of the ration shops are run by the various marketing societies, stores and some selected credit societies under the auspices of the Federation. In spite of serious handicaps in the matter of their own rice mills and want of sufficient quantities of paddy in some centres of North Coorg, all the co-operative ration shops have done good service to their members and the public.

Stores : The number of student stationery stores remained at 12. There was a slight fall in the membership to 3,427 while the paid-up share capital rose to 3,350. The total purchases amounted to Rs. 11,962 and sales to Rs. 18,082.

All-Coorg Teachers Co-operative Stores continues to enjoy a unique position in the supply of stationery articles. The printing press is a happy adjunct to this concern. In addition to the sales at the Virajpet head office and the branch at Mercara, several teacher sub-agents are carrying on sales all over the Province. The working of Mercara branch is not satisfactory. Membership stood at 281 and paid-up share capital at Rs. 3,397. Purchases amounted to Rs. 21,834 and sales to Rs. 30,036. The net profit earned during the year was Rs. 2,899.

There are six (5) *Provision stores* and two *cloth stores*. Goods worth Rs. 3,40,479 were purchased and sales amounted to Rs. 2,74,535. Only two stores worked at a net profit of Rs. 2,199 while all the other stores including the newly registered C.C.E. Stores suffered a loss aggregating to Rs. 8,350.

Marketing Societies : The number of societies under this category stood at 19 (19).

The stock handled by the 13 *Paddy Marketing Societies* was 75,119 battis of paddy. There was an increase in both membership and share capital which stood at 2,714 and Rs. 23,874 respectively. Loans borrowed from the Provincial Bank amounted to Rs. 2,67,000 and advance to depositors of paddy to Rs. 89,870. In addition to the paddy transaction all the societies carried on the sale of ammunition, implements, milk powder, sugar and some other controlled articles. All of them functioned as sub-agents of the Federation for procurement of paddy for supply to the deficit Provinces and also to the ration shops. Owing to the introduction of rationing and the marketing societies functioning as retail ration shops, the transactions of the marketing societies showed marked improvement. It is hoped that with the decontrol of food-stuffs there will be appreciable improvement in the working of all marketing societies. All the marketing societies are prepared to push through the work of construction of the proposed godowns in 26 centres provided the Central and Provincial Governments give them free grants of 50 per cent and 25 per cent respectively of the cost of construction. The matter is now under examination of the Government of India.

Owing to the poor yield of cardamom during the year, there was a fall in the business transacted by the *Cardamom Marketing Societies*. They handled a stock of 2,293 (3,930) maunds of cardamom and the total turn-over amounted to Rs. 2,54,376.

There was an increase in the membership and share capital of the *Honey and Wax Producers' Co-operative Society*, to 442 and Rs. 9,599 respectively. Nineteen thousand two hundred and ninety two (14,973) pounds of honey and 32 (647) pounds of wax were purchased during the year and sales amounted to 12,019 pounds and 761 pounds respectively. Satisfactory arrangements have been made for the supply of honey in several parts of India through authorised agents and in the 3 branches of the Coorg Orange Growers' Co-operative Society at Mysore, Bangalore and Mangalore.

The *Orange Growers' Co-operative Society* has a membership of 320 and a paid up share capital of Rs. 6,077. The total turnover during the year was Rs. 10,55,446 and the loans advanced amounted to Rs. 27,266. The net profits realised amounted to Rs. 19,261. In addition to the two sales depots at Mysore and Bangalore, a new one was opened at Mangalore. The question of launching a scheme of extraction and preservation of fruit juice on a big scale is under examination by Government.

Ladies' Societies : Except 3 societies, all the other six worked satisfactorily. Steps are being taken to amalgamate the three societies with the neighbouring Mahila Samajas if rehabilitation is found impossible. There was slight increase in membership to 682 (653) and share capital to Rs. 1,062 (1,005). Virajpet and Somwarpet societies are running nursery schools for young children by employing whole-time teachers and attenders. Hindi and spinning classes are held in the 4 societies. Mercara society has been running Hindi classes every week-end and has coached up many students for the preliminary examinations in Hindi.

MADRAS

Extracts from the report on the working of Co-operative Societies in Madras for 1946-47 by the Registrar : Mr. J. C. Ryan.

General Progress :— The year under report recorded an all-round improvement in the working of co-operative societies in this Province. Not only was the War-time expansion of the movement generally maintained but also progress in new directions was attained. Government and the public continued to utilize the co-operative agency to an increasing extent, in schemes for the distribution of food and cloth, for providing housing accommodation and for other measures of social and economic benefit. The number of societies, their membership, their share capital, and their business achieved a very notable increase during the year. On 30th June 1947 there were 17,057 societies with 22.10 lakhs of members and a working capital of Rs. 5,097.51 lakhs as against 16,068 societies, 18.82 lakhs of members and a working capital of Rs. 3,862.43 lakhs on 30th June 1946. These figures do not include those relating to 309 societies under the control of the Deputy Commissioner of Civil Supplies and the Director of Resettlement and Employment. These 309 societies had on their rolls 3.16 lakhs of members and their working capital was about Rs. 228 lakhs. This phenomenal development is a clear indication of the growing popularity of co-operative organisations as efficient instruments for promoting the welfare of the rural and urban masses of this Province on equitable lines.

AGRICULTURAL CREDIT.

At no time in the past did the transactions of the Provincial Bank and the Central Banks reach such dimensions as in the year under report. The business of land mortgage banks as well as agricultural credit societies, too, increased considerably. This remarkable expansion in business of Provincial and Central Banks was primarily due to the financing of the procurement and distribution of food undertaken by co-operative organisations and partly to the steadily rising demand for loans by the members of agricultural and urban credit societies. The demand for funds was rather unprecedented and when the central financing agencies including the Provincial Bank found it difficult to cope with it, Government generously came to their rescue and provided a temporary accommodation.

The level of deposits in central financing agencies as well as other credit institutions remained high, indicating as it does the confidence reposed by the investing public in them. The deposits from members as well as non-members in agricultural credit societies recorded a fall of about Rs. 6 lakhs. The fall was perceptible in respect of non-members' deposits, due probably to a shrinkage in the surplus money in the hands of the agricultural classes. The members' share capital in these societies, however, increased by about Rs. 21 lakhs. This is an encouraging feature. The increase was due mostly to some of these societies doing business in controlled articles. Agricultural credit societies, if they are to emulate the Raiffeisen type, must become strong and attract deposits from members and non-members and their share capital—which represents their savings should constitute a good percentage of their working capital.

The Madras Provincial Co-operative Bank :—Thanks to the policy of Government in entrusting the District Co-operative Wholesale Stores and other co-operatives with intensive procurement of food grains, the demand for funds from district co-operative central banks, which financed these operations, became very keen during the latter part of the year and this accounts for the rapid increase in the loan business of the Provincial Bank, which had to strain itself to raise large funds to meet the unprecedented demand. It not only pledged with the Imperial Bank of India all the Government securities held by it but also repledged the securities pledged with it by the central banks for accommodation from the Imperial Bank. The Bank raised its rate of interest on season deposits from 2½ to

3 per cent. At its request, Government were pleased to permit it to utilize a portion of its reserve fund in its own business and relaxed temporarily the standard of fluid resources it had to maintain so as to enable it to utilize a portion of the available liquid resources to meet the urgent needs of central banks. These expedients however, failed to ease the situation fully. The bank, therefore, approached Government for a temporary accommodation. Government complied with the bank's request and helped it with two loans of one crore each which were disbursed to the bank in April and May 1947. These loans were repayable to Government before 30th September 1947 with interest at 2½ per cent per annum and they have been repaid accordingly.

Co-operative Central Banks:—All the thirty co-operative central banks transacted substantial business during the year and their financial position was generally satisfactory. The number of affiliated societies rose by 1,117. The borrowed capital and the working capital increased by nearly 50 per cent and 40 per cent respectively. The large demand for funds from affiliated societies for procurement and distribution of food undertaken by them and the planned revival of rural credit co-operatives and the expansion of their loan business account for this increase. The percentage of overdues to demand under principal registered a further fall in the year under report. It is the lowest on record for over three decades. In five central banks, viz., Coimbatore, Madura, Salem, Tinnevely and Ramnad there were no arrears either under principal or interest. The Tinnevely Central Bank has earned the unique distinction of having had no arrears under these heads during the last four years. Eleven other central banks had no arrears under interest.

Almost all the central banks have reduced their rate of interest on loans to agricultural credit societies to 4½ per cent in order to enable the latter to lend to agriculturists at rates not exceeding 6½ per cent. Madras may well take pride on the fact that these lending rates are the lowest among co-operative institutions in India.

Co-operative Land Mortgage Banks:—The mortgage banks had in the past to face the problem of advance repayments and shrinkage in loan business; but there is now a steadily increasing flow of loan applications and the business is exceeding the pre-war dimensions. Advance repayments, which recorded a fall in the previous year, have shown a further marked decline. There has been an increase in the amount of loans issued to, and the loans outstanding against, primary land mortgage banks. This may be due to the propaganda carried on by the staff and partly to tight monetary conditions. The number of loans issued in excess of Rs. 5,000 in 1946-47 were 169 in number amounting to Rs. 13.25 lakhs as against 197 loans amounting to Rs. 14.69 lakhs in the previous year.

The Madras Co-operative Central Land Mortgage Bank:—During the year, the bank floated two series of debentures for Rs. 38.79 lakhs at 2½ per cent. This is the lowest rate at which the bank has been able to attract funds. The bank has since raised the debenture rate to 3 per cent to meet the altered conditions in the money market. The total amount invested by the bank in the sinking fund on 30th June 1947 was Rs. 126.03 lakhs. Government guarantee in respect of the payment of principal of and interest on debentures issued by the bank remains at Rs. 400 lakhs. The debentures in circulation on the 30th June '47 were Rs. 350.84 lakhs. Government have continued the temporary accommodation to the bank and reduced the rate of interest on such accommodation from 3 to 2½ per cent.

During the year several important changes were introduced in the method of business of the Central Land Mortgage Bank. One was that the margin between its lending and borrowing rates was reduced from 3 to 2¼ per cent with the sanction of Government. This has enabled the bank to make money available to the ultimate borrower at 5¼ per cent interest. This reduction, the enhancement

of the individual credit limit to Rs. 15,000, the issue of second loans and the valuation of the hypotheca at a slightly higher rate over the pre-war land values, apart from the general tightness for money, seem to account for the rise in the business of mortgage banks. Another was the constitution of a Debenture Redemption Fund on the fixed instalment system for the repayment or redemption (on maturity) of the bank's debentures commencing from the 40th series. Under this system, the Debenture Redemption Fund will be built up by paying into it every year out of the collections a sum equal to the amount of the series of debentures divided by the number of years for which the series has been issued. The balance of the collections will be merged in the general funds of the bank. The bank will have a single Debenture Redemption Fund account for all the 40th and subsequent series of debentures but will maintain subsidiary accounts to show the position in respect of each series of debentures. A third change was that the hypotheca obtained by the bank are valued with Government's approval at not more than 10 per cent above the pre-war values. This concession will be in force for two more years. Government also permitted the bank to create a building fund out of its profits subject to the condition that the owned capital did not fall below one-tenth of its liabilities.

Primary Land Mortgage Banks:—During the year one more land mortgage bank was started at Tadepalligudem bringing the total to 12³. Though there has been an increase in membership, share capital and the loan transactions of the banks the balance to demand both in respect of principal and interest have risen. This is accounted for mostly by few banks in West Godavari and Nellore districts.

The question of rehabilitating the weak primary banks was for some time engaging the attention of the Central Land Mortgage Bank and my predecessors. It was felt that with more attention and intensive work, they might be pulled up and that this could be done only by reducing and redistributing the jurisdiction of some of the co-operative sub-registrars. During the year, therefore, three more co-operative sub-registrars for land mortgage banks were appointed.

NON-AGRICULTURAL CREDIT.

On 30th June 1947, there were 1,278 non-agricultural credit societies as against 1,185 societies on the 30th June 1946. One hundred and ninety seven of these were urban banks maintaining fluid resources. The employees' credit societies were 555 in number. There were 354 other limited liability credit societies. Their aggregate membership was 3,69,819; share capital was Rs. 119.16 lakhs; reserve and other funds amounted to Rs. 76.57 lakhs; loans and deposits held from members and non-members amounted to Rs. 518.42 lakhs. They issued loans during the year to the tune of Rs. 546.36 lakhs. There was an increase in the amount of loans issued to and the loans outstanding against members (Rs. 452.10 lakhs). The urban banks have been rendering great service to the middle and lower middle class people—small traders, merchants, artisans and others. I have been advising them to make themselves still more useful to their members by giving them cash credits on tangible securities and jewel loans under proper safeguards. The proportion of share capital and deposits of members to the loans outstanding against them has undergone a reduction. This is perhaps due to the steadily rising cost of living in urban areas among men of limited means.

CONSUMERS' STORES.

Primary Stores:—The primary (or retail) co-operative stores continued to increase in number, membership and the volume of business. Due to the registration of 399 new stores during the year and the eagerness of consumers to become members, there was a substantial rise in the membership and share capital of primary stores; though 17 societies were liquidated leaving 1,688 stores societies at the end of the year. More than 1,25,000 persons were admitted as members

during the year as against 40,000 during the previous year. The paid-up share capital has reached nearly a crore of rupees. The demand for the registration of more co-operative stores continues unabated, and in all deserving cases, the requests of applicants are being complied with. The Government policy to foster co-operative enterprise especially in the matter of procurement and distribution of food grains and other necessities of life has naturally led to a marked increase in the number of primary stores. Further, the public too have not been slow to realize the usefulness of co-operative effort in tiding over the present food situation.

Analysis of purchases :—Of the total purchases made during the year, controlled commodities accounted for Rs. 1,158.63 lakhs and non-controlled articles for Rs. 554.92 lakhs. Though the volume of purchases made by the primaries from the wholesale stores increased during the year, the percentage of such purchases to total purchases remained the same as in the previous year. Most of the primary stores purchased goods in bulk and paid the value in cash. The district wholesale stores, however, provided them with credit facilities for short periods. On 30th June 1947, the amount due to the wholesale stores on account of credit purchases by the primary stores was Rs. 10.79 lakhs. The primary stores have been advised to make their purchases from the district wholesale stores to the maximum extent possible and improve trade relations with them.

Analysis of sales :—Of the total sales of Rs. 1,814.93 lakhs, the value of controlled articles was Rs. 1,255 lakhs and that of non-controlled goods was Rs. 559.93 lakhs. The sales to members amounted to Rs. 631.36 lakhs and constituted about 35 per cent of the total sales. As in the previous year, the bulk of the sales were made to non-members. This is mainly due to the distribution of controlled articles which have to be sold to members and non-members alike. It is hoped that these, non-members will enrol themselves as members and avail themselves of the benefit available to members in the shape of dividend, bonus, etc. The increased sales in respect of food grains was mainly due to ration shops being entrusted to a large number of stores in urban and rural areas. The sales in respect of general consumer goods, cloth and groceries were also considerable and indicate that the stores are making themselves useful to the consumers in a wider field and are trying to build up business in lines other than food.

Role of retail stores in the scheme of rationing :—Primary stores continued to run ration shops allotted to them by the Revenue and Civil Supplies Departments in the 86 municipal towns in which statutory rationing is in force. Out of 556 urban and semi-urban stores, 263 were running 791 ration shops in the municipal towns. Besides the participation in schemes of statutory rationing, a large number of rural and semi-urban stores were entrusted with the work of distribution of food grains in villages and semi-urban areas where informal rationing is in force. During the year, there was an increase in the number of primary stores which undertook procurement work. In all, 330 primary or retail co-operative stores were entrusted with procurement.

Rural stores :—During the year, the number of rural stores increased by 310 and stood at 1,132. Whatever the future may have in store for them, there is no denying the fact that at present they are rendering a distinctly valuable service to the villagers besides assisting Government in the matter of procurement and rationing of essential commodities.

Mill stores have been rendering great service to the workers in these days of scarcity and soaring prices. Most of them were assisted liberally by the managements of mills or factories who provided them with office and godown accommodation free of rent, and in some cases with the free services of clerks, etc. Of the 71 industrial employees stores, 36 are working in the Coimbatore

District where there are a number of spinning and weaving mills. In some cases the labour leaders agitated to capture the managements of these societies and this has resulted in the withdrawal of certain concessions granted to them by the managements of the mills. It is hoped that mill stores, instead of becoming centres of trouble between capital and labour, will prove to be what they are intended to be, *viz.*, a cementing factor between the two, promoting the interests of labourers and managements alike.

The Triplicane Urban Co-operative Society:—the premier consumers' society in the Province, continued to serve the needs of the consumers in the City of Madras as well as those in the adjoining villages remarkably well. On 30th June 1947 it had 13,885 members on its rolls, with a paid up share capital of Rs. 1.61 lakhs. Its total purchases in the year amounted to Rs. 67.14 lakhs and its total sales Rs. 77.67 lakhs. It maintains branches and depots in all the important parts of the City and all of them are licensed ration shops for the distribution of food grains, sugar and pulses. It has a cloth department attached to the head office at Triplicane where both handloom and mill goods are sold.

Distribution of essential controlled commodities by other types of Societies—Besides the primary co-operative stores, some of the credit societies, employees' societies, etc., were also permitted to undertake the distribution of controlled articles and other necessities of life such as food grains, kerosene, sugar, cloth, etc. During the year 802 rural credit societies, 13 employees' societies, 6 urban banks and 49 other societies were engaged in this work. Of these, 53 societies participated in both the statutory and the informal scheme of food rationing. They maintained 59 licensed ration shops and 14,797 ration cards were registered with them. They distributed 8,857 tons of food grains and other commodities valued at Rs. 21.44 lakhs.

District Co-operative Wholesale Stores—At the end of the year there were 22 district wholesale or central stores of which only twenty-one were actually functioning. Similar expansion was recorded by district wholesale stores. Their membership, share capital, purchases and sales rose from 9,427, Rs. 29.18 lakhs, Rs. 1,148.48 lakhs and Rs. 1,266.58 lakhs to 10,288, Rs. 33.01 lakhs, Rs. 1,818.57 lakhs and Rs. 1,945.34 lakhs, respectively. All of them played a most praiseworthy part in schemes for the procurement and distribution of food in the province, and imported commodities. Some of the wholesale stores were entrusted with the monopoly of procurement of food grains in their districts while others were given certain taluks or firkas. All the wholesale stores were functioning as stockists of food grains both under statutory and informal rationing schemes. They also developed their normal trade in groceries, clothing, drugs, etc.

The annual purchases of all the stores amounted to Rs. 18.19 crores. The bulk of the purchases *viz.*, Rs. 16.61 crores related to controlled commodities and the balance of Rs. 1.58 crores related to non-controlled articles.

Processing activities:—Many of the wholesale stores continued to undertake processing or manufacturing activities such as conversion of paddy into rice, grams into dhal or flour, gingelly seeds into oil, etc. During the year ten wholesale stores hulled paddy into rice to the value of Rs. 100.33 lakhs and converted Rs. 3.41 lakhs worth of grams into dhal. Appreciable results were not achieved in other kinds of processing or manufacture.

Consignment business:—A majority of the wholesale stores continued to act as the selling agents of producers' societies and some individual producers. However, the business done by them on consignment basis was not considerable. During the year, they sold Rs. 71,830 worth of goods on agency basis and earned a commission of Rs. 2,635. Efforts are being made to promote the co-ordination of activities between the producers' societies and the consumers' societies.

Analysis of sales :—Of the sales, Rs. 638.42 lakhs worth of goods were sold to primary co-operative stores, Rs. 1,070.77 lakhs worth to private merchants and individuals, Rs. 180.44 lakhs through their retail depots and Rs. 55.70 lakhs worth of goods to others. The sales to private merchants are comparatively larger than the sales to all others, because wholesale stores acting as the agents of Government in the matter of procurement and distribution, have to distribute food-grains and other controlled commodities to all licensed dealers and merchants.

Foodgrains naturally constituted the largest part of their trade. It is only natural that the volume of this business should gradually diminish with the relaxation or withdrawal of food controls. To provide against such a contingency the stores have to develop their trade in non-food lines, particularly consumers' goods, cloths, etc. As regards drugs, infant foods and other consumer goods, the wholesale stores have established trade relations with importers and wholesalers like Messrs. H. J. Foster and Co., Parry and Co., etc. They are also dealing in products of the Mysore Government Industrial concerns. The Mysore Government have been kind enough to instruct their sole agents to show some concessions to stores dealing in their products. The wholesale stores are also dealing in soaps manufactured by the Government Kerala Soap Institute.

Procurement :—Except for a few, the wholesales actively participated in schemes of procurement. Besides the South Kanara Wholesale Stores which continued to enjoy the monopoly of procurement in the district, the wholesale stores at Vizianagaram, Tuticorin, Bellary and Cuddapah were also appointed as the sole procurement agents in their respective districts; others were entrusted with the work in select taluks of the districts in accordance with the general policy of the Government.

The Government assisted these institutions in carrying on the procurement work successfully. They provided a temporary accommodation of two crores of rupees to the provincial and district co-operative financing agencies in order to accommodate the wholesale and primary stores. They also gave the services of departmental staff either free of cost or at concessional rates in deserving cases to speed up the work, to supervise it and to maintain proper accounts. The regular co-operative district departmental staff, particularly the staff for the general supervision of stores societies, assisted these institutions in their procurement work in all possible ways.

MARKETING.

Sale Societies and Marketing Federations :—During the year, there was an increase in the volume of business done by the sale or marketing societies. They issued loans to the extent of Rs. 131.79 lakhs as against Rs. 118.64 lakhs in the previous year and marketed the produce of their members valued at Rs. 143.23 lakhs. The price and movement controls, which have been a feature of war-time and post-war economy of the country, prevented the development of marketing societies. It is hoped that with the withdrawal of controls, the societies will be fully utilised by their members for marketing their produce.

Storage facilities and godown accommodation :—As at the end of the previous year 24 sale societies owned 26 godowns. Though Government have provided subsidies and long-term loans for the construction of godowns, many of the sale societies could not avail themselves of these facilities owing to the high cost of building materials and labour as well as the difficulties in getting the necessary building materials for the construction of godowns. When these conditions improve and when Government liberalize their subsidies in the manner indicated above, it is hoped that many of the sale societies will undertake the construction of godowns in market centres.

Controlled Credit Scheme :—During the year, the controlled credit scheme was in operation in 19 districts. Sixty-three sale societies worked the scheme through

602 credit societies as against 73 sale societies and 846 credit societies in the previous year. Loans to the extent of Rs. 9.32 lakhs were disbursed under the scheme for cultivation of paddy, ragi, cotton, groundnut, cholam, tobacco, etc., as against Rs. 10.65 lakhs in the previous year. The value of produce such as food grains, cotton, groundnut, etc., delivered to and marketed through the sale societies was Rs. 24.04 lakhs as against Rs. 13.13 lakhs in the previous year. Though there has been a fall in the loan transactions under the controlled credit scheme, there has been an increase in the value of produce marketed through sale societies.

The appointment of 'marketing panchayatdars' in credit societies to intensify the controlled credit scheme, as explained in the last year's report, was continued this year. This system was worked in 98 sale societies through 1,625 credit societies as against 76 sale societies and 1,647 credit societies during the previous year. Of the 1,625 credit societies 838 societies adopted the required by-laws for the appointment of 'marketing panchayatdars'.

Other activities undertaken by sale societies:--The scheme for the purchase and distribution of compost manure, manufactured by certain municipalities and panchayat boards, by the marketing societies continued to be in force during the year. In order to popularise the use of compost manure, the Government of India granted subsidies to the sale societies till the end of February 1947. The question of extending the grant of subsidies beyond February 1947 is still under the consideration of Government. Till 30th June 1947, the sale societies purchased 35.8 lakhs cubic feet and 422 pits of compost valued at Rs. 3.70 lakhs for distribution to the ryots. The societies received Rs. 28,594 as subsidies from the Government of India grant. Besides the distribution of compost manure several sale societies continued to supply other kinds of manures such as municipal rubbish, groundnut-cake, etc., to the agriculturists. The value of manures so distributed during the year was Rs. 3.55 lakhs. The societies also undertook the distribution of agricultural implements and improved varieties of seeds valued at Rs. 2.36 lakhs. The sale societies' operations in respect of purchase and supply of manures and agricultural implements were considerably hindered or restricted by controls. Co-operators have repeatedly urged the transfer of the distribution of controlled manures and agricultural implements from the Agricultural and Industries Departments to co-operative marketing societies managed by the elected representatives of the agriculturists themselves. During the year, some of them were entrusted with the procurement of foodgrains also.

The Kodur Fruit Growers' Co-operative Society in the Cuddapah District, which has earned a reputation for its 'Sathukudi Oranges', continued to do good work. There has, however, been a drop in its business on account of the termination of military contracts. On 30th June 1947, it had 1,944 members with a paid-up share capital of Rs. 51,546. The value of fruits marketed by it during the year was Rs. 4.18 lakhs as against Rs. 13.12 lakhs made in the previous year. The society secured the agency for the supply of manures from the Imperial Chemical Industries, and distributed manures worth Rs. 39,650 and earned a commission of Rs. 1,597. There was a considerable fall in the issue of loans by the society for the improvement of gardens and purchase of manure. It maintains two lorries for the quick transport of fruits from the production centres to the railway stations for export. The society earned a net profit of Rs. 3,833 during the year.

SPECIAL TYRES.

Land Colonization Societies:—On 30th June 1947 there were 26 land colonization societies for the landless poor, of which 24 were under the administrative control of the Co-operative Department and the remaining two were under the control of the Revenue Department. Of the 3,237 members on the rolls of these societies, 2,694 members were active colonists. Out of 10,701 acres of land assigned

to these societies 8,891 acres were reclaimed and brought under cultivation. Generally, food crops like paddy, cholam, cumbu, ragi, etc., were raised on the lands, besides vegetables in parts of their holdings and the backyard of their homesteads. During the year, these societies received subsidies to the extent of Rs. 32,924 from Government. They were given loans amounting to Rs. 26,738. Their borrowings from Central Banks totalled Rs. 12,928. At the end of the year, the loans due by them to Government and financing banks were Rs. 1.9 lakhs and Rs. 30,978 respectively. The progress in bringing more lands under cultivation was impeded for lack of proper irrigation facilities or poverty of soil. In some cases, the incidence of malaria interfered with the progress in reclamation and cultivation.

The question of providing irrigation facilities in the colonies or of undertaking anti-malarial operations is engaging the attention of Government. Some members of the societies have undertaken subsidiary occupations such as handloom-weaving, egg marketing, mat-weaving etc. The other amenities provided in the colonies included the education of children, settlement of private feuds by arbitration, promotion of thrift through hundi boxes and the joint purchase and distribution of domestic and agricultural requirements of members.

Land Reclamation Societies :—The Special scheme for the reclamation of patta lands in the Cauvery Mettur Project area in the Tanjore District was continued and extended. Five more societies were formed covering six Government villages. At the end of the year, the scheme covered 22 Government villages with 19 land reclamation societies. Government provided the societies with long-term loans repayable in 15 years for being lent to members for the reclamation of about 1,500 acres. In the past two years these societies borrowed Rs. 74,985 from Government and issued loans to 372 members. With this financial help the members completed reclamation work over an extent of 1,583 acres by June 1947. The members are also provided with the necessary credit facilities by the Co-operative Central Bank for the purchase of bulls and milch animals and for cultivation expenses.

During the year, Government sanctioned a free grant of Rs. 12,000 to eight societies to meet the cost of construction of godowns. The ryots in the neighbouring villages realizing the benefits of the scheme are anxious to form societies of this type, and a proposal for inclusion of 16 more villages in the scheme is under consideration.

Agricultural Demonstration and Improvement Societies:—At the end of the year there were 58 agricultural improvement societies with 6,832 members and a paid-up share capital of Rs. 1.19 lakhs. These societies supplied to their members improved seeds, manures, agricultural implements, steel tyres and axles. The value of the goods supplied by them during the year was Rs. 6.04 lakhs. They derived an income of Rs. 26,219 in the business. There were seven agricultural demonstration societies with 1,355 members and a paid up share capital of Rs. 12,910. They cultivated about 67 acres for demonstration purposes. They supplied manures to the extent of Rs. 5.73 lakhs to both members and non-members.

Sugarcane Growers' Societies:—There were 16 societies of this type. Some of them did good work. The Government continued to provide financial assistance to these societies out of provincial funds. The special staff of co-operative inspectors, agricultural demonstrators and maistries working in the South Kanara, Vizagapatam and Trichinopoly districts was continued during the year. The agricultural staff helped the members to grow improved varieties of cane. The Hospet Sugarcane Growers' Society issued loans to its members to the extent of Rs. 46,764 during the year for the cultivation of sugarcane. The Kirlampudi Sugarcane Growers' Society (East Godavari) also did good work by advancing

loans to the members to the extent of Rs. 1.23 lakhs at various stages of cultivation. The four societies in the Vizagapatam district had 3,372 members with a paid-up share capital of Rs. 47,822. The loans outstanding against members on the 30th June 1947 were Rs. 1.97 lakhs. The societies at Ettikoppaka and Bobbili supplied cane to sugar factories.

Co-operative Sugar Factories:—Of the two sugar manufacturing co-operative societies, the Coimbatore Society disposed of its plant to a private concern as its working was found uneconomic. The Ettikoppaka Co-operative Agricultural and Industrial Society in the Vizagapatam district continued to manufacture sugar. At the end of the year, it had 63 members with a paid up share capital of Rs. 44,875. It crushed 9,540 tons of sugarcane valued at Rs. 3.24 lakhs and produced 794.95 tons of sugar. The recovery for the season was 8.35 per cent. Sugarcane is grown abundantly in all the villages in the taluk and the society is able to secure sufficient supply of cane. The directors have decided to increase the crushing capacity to 600 tons per day and the proposal has been approved by Government. The society has been permitted to issue additional capital to the extent of Rs. 10 lakhs to enable it to purchase additional plant and machinery. With a view to increase the sugar production in the province, Government are considering the question of starting a Co-operative Sugar Factory in the Chittoor district.

Grow More Food Campaign :—Co-operative credit societies contributed much towards the 'Grow More Food campaign'. They financed the agriculturists to the maximum extent required to grow food crops and vegetables. Rural credit societies lent Rs. 235.57 lakhs for cultivation expenses and non-agricultural credit societies lent Rs. 19.76 lakhs for the same purpose. Many societies undertook the supply of improved varieties of seeds, manures and agricultural implements to their members. During the year, they distributed seeds valued at Rs. 1.95 lakhs and manures valued at Rs. 10.72 lakhs. These aids and the intensive propaganda done on behalf of growing more food brought many additional acres under food crops.

DAIRYING.

Milk Supply Societies and Unions :—The progress made by milk supply societies and unions in the past few years, seems to point to the realization by the consuming public of their usefulness. In fact, co-operative milk supply organizations find it difficult to meet the increasing consumers' demand. The State Hospitals, Jails and some of the municipalities have been utilizing the services of these organizations for regular supplies of milk. Government are providing interest-free loans to members of the milk supply societies and unions for the purchase of milch cattle and during the year loans to the extent of Rs. 3.51 lakhs were given for this purpose. In accordance with the advice of the Dairy Development Adviser to the Government of India a special technical staff has been appointed to put up schemes for increased production of milk in urban areas through co-operative and private dairies. The Dairy Development Officer who was appointed for the purpose is conducting the necessary survey and investigations.

HANDLOOM WEAVING.

As the result of an intensive campaign there were, on 30th June 1947, 735 weavers' co-operative societies as against 336 societies on 30th June 1946. About 41,000 new looms were brought in the co-operative fold either through the old societies or through new societies and at the end of the year, there were 85,000 looms working in all the societies as against 40,000 at the end of the previous year. This works out to more than 18 per cent of the total looms in the Province. In order to encourage the weavers to join co-operative societies, Government ordered that the members of societies should be given an extra quota of 20 per cent of the

basic ration of yarn till the number of looms within the orbit of weavers' societies increased to 1.20 lakhs. It is, however, felt that this concession coupled with persuasion and propaganda alone may not bring in all weavers into the co-operative fold. It has, therefore, been suggested that indirect compulsion by way of denial of yarn to those who do not join weavers' co-operative societies within a specified period ought to be used.

During the year, the societies produced goods, valued at Rs. 424 lakhs, and their sales amounted to Rs. 456.54 lakhs, while the production and sales in the previous year were Rs. 347.69 lakhs and Rs. 373.09 lakhs, respectively. With an increase in production, the problem of marketing has become one of immediate importance. The Madras Handloom Weavers' Provincial Co-operative Society is, in consultation with me, taking effective steps to market the finished cloth.

HOUSING.

In order to overcome the scarcity of dwelling houses as speedily as possible, a five-year housing scheme on co-operative basis has been drawn up. The scheme aims at the formation of colonies of new houses in all the congested municipal towns on a five-year plan. It is estimated that about 22,000 houses at the rate of 4,400 houses per year may be constructed at a cost of Rs. 15 crores in about 60 municipalities. Government instructed the Collectors to constitute housing committees for the selection of suitable building sites in all municipalities and major panchayat areas where the scarcity of houses is acute. So far, committees have been constituted in 75 municipalities and in 198 major panchayats and reports have been received from 161 committees. In pursuance of the committees' recommendations, co-operative building societies are being organized in places where there is adequate response from the public.

Government have also been pleased to make special arrangements for the supply of essential building materials such as iron and steel, timber, cement, etc., to these societies in addition to reducing the rate of interest on Government loans to 3½ per cent. One-fifth of the district quota of iron and steel available to the public for construction purposes has been reserved for members of co-operative housing societies. In addition, the Government have applied for a special allotment of 4,000 tons of iron and steel for Government sponsored housing schemes in this Province and a quota of 1,000 tons is expected from the Iron and Steel Controller for the first quarter of 1948. Seven thousand five hundred tons of timber from Government forests have been reserved for co-operative building societies whose applications are recommended by the Registrar. The question of obtaining a special allotment of coal and coke for the manufacture of bricks is also under consideration. In order to expedite land acquisition proceedings, Government have, since the close of the year, accepted my proposal to appoint a special land acquisition staff to work under my control. I hope this will facilitate acquisition of house-sites.

The Madras Co-operative House Construction Society, has now 661 members on its rolls with a paid-up share capital of Rs. 22.31 lakhs. As many as 245 applicants, who have deposited an earnest money of Rs. 7.07 lakhs, are awaiting admission. The society has secured an extensive site of 131 acres in Adyar by private negotiation for Rs. 16 lakhs. It has drawn a lay out plan of the site with a park, a playground, a hospital, a child-welfare centre, a bus-stand, a club-house, roads, markets, etc. Three-hundred and thirty-two houses are to be built there of which 165 will be of the 'A' class costing about Rs. 15,000, 89 will be of the 'B' class costing about Rs. 10,000 and 78 of the 'C' class costing about Rs. 5,000. The houses are expected to be completed in a year, when the members will occupy the houses as tenants of the society. They will acquire rights of ownership over the sites and houses after ten years and after they pay off in full the value of the houses and the sites for which 20 years' time is allowed. Government have been pleased to give the free services of a Deputy Registrar to this society for a year

and the loan of the services of an Executive Engineer of the Public Works Department for a like period.

The Katpadi Co-operative Township is another type of a Co-operative Housing Society. It aims at the formation of a new town between Vellore and Katpadi in the North Arcot District by acquiring about 1,200 acres of lands extending on both sides of the trunk road. It will put up a co-operative colony of about 5,000 garden houses built on up-to-date lines. The Township will either construct the houses for its members as their agents or will finance them for constructing the houses themselves. Its distinguishing feature lies in the fact that it will undertake the functions of a municipality and provide all modern amenities like metalled roads, underground drainage, electric lighting and protected water-supply. It will also provide parks and playgrounds, medical aid, schools, a police station, a post office, etc. It will be a self-contained and self-governing co-operative colony. On 30th June 1947, the society had a membership of 769 with a paid-up share capital of Rs. 5.23 lakhs. It has taken on loan the services of a Co-operative Deputy Registrar to work as its Secretary. It has put up proposals for the acquisition of lands through the Revenue Department.

Building Societies :—On 30th June 1947, there were 128 building societies. They had on their rolls 6,657 members with a paid-up share capital of Rs. 16.24 lakhs. Loans amounting to Rs. 4.43 lakhs were due from the building societies to Government of which Rs. 12,781 were overdue at the end of the year. Borrowers in respect of 1,301 houses completely discharged their loans. During the year, State loans amounting to Rs. 2.41 lakhs were sanctioned to building societies for construction of houses by their members. At the end of the year loans were outstanding against members in respect of 879 houses already completed. The number of houses still under construction was 81. The value of houses completed and still under construction and in respect of which loans were outstanding against members was Rs. 23.43 lakhs. With a view to promote house building so as to relieve the scarcity of housing accommodation in most urban areas, Government were pleased to reduce the rate of interest on loans to all housing societies from $4\frac{1}{2}$ per cent to $3\frac{1}{2}$ per cent with effect from 14th June 1947.

INSURANCE.

There were four insurance societies at the end of the year.

The South India Co-operative Insurance Society did commendable business during the year ended 31st December 1946. It issued 5,489 policies involving Rs. 81.94 lakhs. This is the fifteenth year of its working and on 31st December 1946 there were 18,889 policies covering a risk of Rs. 229.94 lakhs as against 15,489 policies to the value of Rs. 174.52 lakhs in force at the end of the year 1945. The last valuation was made as on 31st December 1945 and it disclosed a surplus of Rs. 1.96 lakhs and the society declared a simple reversionary bonus of Rs. 6 per thousand per annum. The society has been transacting business mainly in this Province. It has also a branch at Lucknow. It is taking steps to open some more branches in pursuance of its expansion programme.

The Postal and R.M.S. Co-operative Benefit Fund which confined its insurance business to the employees of postal and R.M.S. departments had 3,356 policies covering a total risk of Rs. 33.35 lakhs at the end of the year 1946. The premia collected during the year amounted to Rs. 1.24 lakhs. The life fund at the end of the year was Rs. 11.46 lakhs as against Rs. 10.39 lakhs on 31st December 1945.

The Co-operative Fire and General Insurance Society continued to do fire insurance, fidelity guarantee insurance and motor vehicles insurance. It issued 3,591 fire insurance policies covering risks of Rs. 799.76 lakhs, and collected premia amounting to Rs. 2.41 lakhs. It issued 91 fidelity guarantee insurance policies to war risks of Rs. 1.48 lakhs. Under motor vehicles insurance it issued 335 policies and the premia collected was Rs. 48,448.

The Madras Co-operative Motor Vehicles Insurance Society which was started during the close of the co-operative year 1945-46, had 17 members with a paid up share capital of Rs. 1.10 lakhs on 31st December 1946. Till 31st December 1946, it issued policies in respect of 427 motor vehicles for third party risks and collected a total premia of Rs. 72,366. The claim experience of the society till 31st December 1946 was satisfactory, as no claim was made till then. I have since submitted proposals to Government to dissolve this society as the need for its continuance as a co-operative institution has vanished because it has chosen to secure recognition under the Insurance Act of 1938 and to widen its activities beyond insuring public motor vehicles.

SUPERVISION AND EDUCATION

Supervision :—The supervision of agricultural credit societies continued to be in the hands of co-operative central banks assisted by local supervising unions wherever they were functioning. The supervisors were employed and controlled by the central banks which meet their cost out of the supervision fund collected from societies and that contributed by the banks themselves. As the supervision fund is generally found insufficient, the central banks have been making large contributions from their general funds for the maintenance of the staff. On 30th June 1947 there were 253 local supervising unions. For the purpose of supervision, 9,265 societies were affiliated to these unions. On an average, 36 societies were affiliated to a union. The central banks maintained 535 supervisors and the cost of maintaining the unions amounted to Rs. 6.55 lakhs. The percentage of total expenditure to the working capital was 0.99.

Co-operative training and education :—The five co-operative training institutions in the Province, viz., the Central Co-operative Institute at Madras, and the four moffusil institutes at Coimbatore, Tanjore, Anantapur and Rajahmundry worked with the full strength of candidates throughout the year.

Co-operative education of members :—The Provincial Co-operative Union has drawn up an outline of a revised scheme of instruction for the panchayatdars and members of societies and it is now under consideration. It may probably be put into effect after approval by Government during the current year. The four moffusil training institutes which ordinarily conduct panchayatdars educational classes, however, held short courses of training for employees of non-credit societies such as weavers' societies milk supply societies and consumers' stores for a period of six weeks. During the year two such courses were held in each of the four training institutes from April to June, and in all, 433 candidates were trained.

CONCLUSION.

In recent years the movement has been called upon to undertake a large number of new activities. The result has been a considerable increase in the number of societies and their business. These societies present problems of varied nature and complexity. Audit, however, is the main function of this department and there has been a growing body of co-operative opinion that the efficiency and quality of audit should improve and that its independence and impartiality should be ensured. For this purpose it has been suggested that the entire audit staff should be constituted into a branch distinct from the administrative branch at all stages, except in the person of the Registrar who will be the head of both the branches. This view has been urged by several committees and conferences in the past as well as the recent Co-operative Planning Committee and the 15th Conference of Registrars. I have every hope that, Government will be pleased to sanction the additional staff required in order to enable the department to carry out its beneficent activities designed to promote the socio-economic interests of the community. The attainment of political freedom on the 15th of August 1947 has cleared the line for economic freedom. Co-operation has a great part to play in this work of economic emancipation and I am confident that Government will make the best use of it.

EXTRACTS

CO-OPERATIVE HOUSING

Progress of Building Societies in the Province.—Though the first co-operative building society in the province was organized at Coimbatore as early as 1913-14 and other building societies were formed at Madura, Dindigul, Kumbakonam, Madras, etc., in succeeding years, the real progress in the activities of co-operative building societies began only from 1924 onwards, when the Government accepted the proposal to finance building societies direct at cheap rates of interest in order to relieve congestion in urban areas, framed rules for the grant of State loans and placed annual allotments at the disposal of the Registrar for sanctioning loans to these societies. Till recently, the only two interesting developments were the successive reductions in the rates of interest charged on State loans from $6\frac{1}{2}$ to $3\frac{1}{2}$ per cent and the efforts made from 1938 to start schemes for housing industrial workers. At the end of the co-operative year 1938-39, there were 126 co-operative building societies with 4,583 members on their rolls and a paid up share capital of Rs.10.53 lakhs. Since 1924 as many as 2,315 houses valued at Rs. 78.18 lakhs were completed with the aid of State loans and 169 houses were under construction. A sum of Rs. 20.36 lakhs was due by these societies to the Government. During the years of the war, State loans to societies were curtailed and owing to the non-availability of essential building materials, the work of these societies practically came to a stand-still except for the recovery of instalments. After the end of the war, housing activities have been revived and the following statement will show the position of co-operative building societies as on 30th June 1947 :—

Number of co-operative housing societies as on 30th June 1947—

(a) Building Societies	128	
(b) Co-operative Townships		130
(c) House Construction Society		

Number of members on rolls 7,458

	Rs. IN LAKHS.
Paid-up share capital	22.12
Reverve fund invested (as on 30th June 1946. Figures as on 30th June 1947 not available)	2.23
Government loans outstanding against the societies ..	4.43
Loans outstanding against the borrowers—	
(a) Society loans (as on 30 June 1946. Figures as on 30th June 1947 not available).. ..	7.93
(b) Government loans (as on 30th June 1947)	4.43
Total amount of loans sanctioned to building societies from 1924 up to date	64.97
Total number of houses constructed by members from 1924 up to date	560

Rs. IN LAKHS.

The estimated value of houses (as for 2,580 houses as on 30th

June 1946 (Latest figures for 30th June 1947 not available) 36.93

These societies were primarily intended to benefit the poor and the middle classes. Though these societies are in existence for over twenty years their benefits have not been very widely availed of. Only about 2,560 persons have so far availed themselves of the facilities offered by these societies. The Committee

on Co-operation (1940) observed that about 25 per cent of the borrowers belonging to income group below Rs. 50 and 16 per cent of those in income group between Rs. 50 and Rs. 100 had to sell, transfer or mortgage their houses to others. The reasons for the poor progress are : firstly the terms offered by the society are not attractive. It requires an initial capital to be deposited in the society (either in cash or in the shape of house-sites or both) to the extent of 20 to 25 per cent of the total cost of the house proposed to be constructed. The rate of interest charged by the society though it is only 4 to 4½ per cent is considered high for the purpose of construction. The extent of the loan which is fixed at five times the paid-up share capital subject to a maximum of Rs. 10,000 is not found adequate. We understand that this has been recently raised to Rs. 15,000. Secondly, the materials required for construction of houses are scarce. An individual who is anxious to construct a house does not possess the requisite technical knowledge and he has to go to a building contractor who demands a decent margin of profit, which is not within the means of a middle class person to pay.

Recent Lines of Development:—Recently two new lines of development have taken place, the Co-operative Township and the Co-operative House Construction Society. The Co-operative Township aims at providing not only loans for the construction of houses but also other civic amenities for the members such as water-supply, lighting, sanitation, health services, recreational facilities, etc., which are usually provided by civic bodies like municipalities, etc. Such a Co-operative Township has been recently registered at Katpadi in the North Arcot district. It proposes to acquire about 1,400 acres of land and divide it into about 5,000 plots after setting apart the required area for common purposes like roadst, parks, schools, etc. These plots will be divided into five classes and sold to members at prices ranging from Rs. 400 to Rs. 6,000 each. The cost of acquisition of lands is estimated at Rs. 9 lakhs and this money will be found entirely from the share capital of members. State loan will be advanced only for the construction of houses. It is estimated that the execution of the scheme will cost about Rs. 3 crores.

Co-operative House Construction Society:—The Co-operative House Construction Society is based on the co-partnership system. The society acquires sites, constructs houses and lets them out to its members on the hire purchase system under which a member becomes the ultimate owner of the house provided he regularly pays a specified amount as rent for a stipulated period, usually twenty years. Such house construction societies have been formed at Madras, Tanjore, Trichinopoly, Madura, Ellore and Palamcottah.

The main features of this type of society are indicated below : The society will purchase large plots of land with the share capital contributed by its members. The society will construct or cause to be constructed with the aid of loans provided by the Government three classes of buildings as shown below :—

(a) A class buildings on about 30 cents of land costing about Rs. 15,000 each exclusive of the cost of land ;

(b) B class buildings on about 20 cents of land costing about Rs. 10,000 ; and

(c) C class buildings on about 10 cents of land costing about Rs. 5,000.

The sites when acquired and laid out will be classified as A, B and C and members will be allowed to make selection of sites. No member will be allotted more than one site. The society is to arrange construction of houses with the help of qualified contractors or otherwise according to type designs prepared by a qualified architect.

When the houses are completed and are ready for occupation, they will be valued and the value of each house will be entered in the books of the society

against the member concerned. Before the member occupies the house he should make an initial deposit to the extent of one-fifth of the total cost of the house he desires to occupy. The balance of the hire-purchase money is repayable in 20 years in monthly instalments. The amount may, however, be paid in fewer instalments or even in one lump sum, but the house will continue to remain the property of the society for a minimum period of ten years from the date of the member's occupation during which period he will have to pay a nominal rent to cover the maintenance charges. This will of course be an addition to the instalment for the repayment of the loan and interest thereon. After ten years have elapsed and the amount due to the society under the hire-purchase system is fully paid, the society adjusts his share capital towards the value of the site and executes a sale deed in his favour conveying the site and the building thereon.

The salient features of this society are: (1) It arranges the construction of the building on behalf of the member and he is thus relieved of much of the trouble in the procurement of building materials or of the supervision of the construction; and (2) it permits renting of a member's house with the approval of the society. The Madras Society has already acquired an extensive site of about 131 acres in Adyar at a cost of 16 lakhs of rupees and a lay-out also has been prepared for the site. The society has also prepared a set of designs in respect of each class of buildings.

Formation of Housing Societies in Urban Areas:—As already observed, societies of this type are also formed in other urban areas besides Madras wherever there are possibilities. To facilitate registration of these societies, the Government have instructed the Collectors to constitute housing committee in each municipality and major panchayat area where the scarcity of houses is acute to select sites for housing schemes. Such committees have been formed in all districts except the Nilgiris, where there will be one committee for the whole district. The committees have been asked to make a joint inspection of all available sites in the area of its jurisdiction and submit a report to the Government within a period of two months. In pursuance of the Government Order, committees have been set up in 67 municipal towns and in 189 major panchayat areas. Reports on 125 centres have been forwarded by the Government to the Registrar and steps are being taken to organize Co-operative Housing Societies in places where there are reasonable chances for their success.

Co-operative Rural Housing:—An attempt at solving rural housing problem has been made in Yemmiganur in the Bellary district. Taking advantage of the exceptionally strong financial position of the Yemmiganur Weavers' Co-operative Society which is the biggest of its kind in the Province, the society has proposed to improve the housing conditions of its members. It has acquired 53.98 acres of land in the outskirts of the village at a cost of Rs. 38,654 and the society proposes to construct immediately about 100 houses on this site. Provision is also made in the scheme for common buildings like a handloom factory, a dye house, a guest house, an office room for the society, a library and reading room, etc. Each dwelling house will be surrounded by a little kitchen-garden. The Government have sanctioned a loan of rupees one lakh for this scheme and the balance of the money required will be provided by the society from its reserves. This enterprise has led the way to similar enterprises by other weavers' co-operative societies in the prohibition districts. Housing schemes for twenty-three such societies are in the various stages of investigation.

Industrial Workers' Co-operative Colony at Harveyypatti:—The Harveyypatti Workers' Co-operative Colony presents an outstanding example in the field of housing schemes for industrial workers. This scheme is the result of the initiative and enterprise of the management of the Harvey Mills, Madura. With a view to provide dwellings for their workers, the Mills acquired at Harveyypatti 67.97 acres

of land and constructed houses. A co-operative society consisting of the workers who desired to purchase the houses was formed. Its Board of Directors consists of the District Collector, the President of the District Board, a workers' representative, the President of the Labour Union and a representative of the Mills as President. The cost of each house and the site on which it is built has been fixed at Rs. 600 for a member. The Mills have provided at their expense necessary amenities such as water-supply, drainage, flush-out latrines, compound wall, electric supply, wells, special railway platform, school, dispensary, stores and markets. Each member is required to pay the value of the house at Rs. 4 per month for a period of 12½ years. After full payment, the member becomes complete owner of the house except for the condition that no alienation can be made without the consent of the society. If the tenant, after full payment is made wishes to sell the site and the house, the offer of sale should first be made to the society at the prevailing market rate as may be agreed upon.

Advantages of Co-operative Housing for Workers :—Few attempts have been made to use co-operative building societies as a means to provide housing for the workers. Co-operative housing schemes for the workers in this Province by the concerned industries may follow the lines initiated by the Harvey Mills indicated above. An approach to the question along co-operative lines would not only provide hygienic houses and remove congestion in industrial centres but foster thrift and self-help among the workers. In the words of the Committee on Co-operation (1940), this is an enterprise which deserves all the encouragement and support which the Government, the Co-operative department, the local bodies and the employers can give by forming co-operative housing societies and permitting them to build in areas laid out and prepared for housing schemes. Employers of industrial labour may also assist their workers to build their own houses by making free grants of land and supplying building materials free of cost or at nominal rates or by advancing money at a reduced rate of interest. But best results are likely to be secured by the joint action of the workers and their employers in the promotion of housing schemes. It has to be remembered, however, that the average cost of a house providing the minimum accommodation suggested in a previous chapter is about Rs. 3,000 and the adoption of the yHarvepatti Scheme will require a monthly contribution by the worker of Rs. 20.

Co-operation in Town-planning :—Opinion on the utility of co-operative societies in the development of housing schemes is almost unanimous in every country. But local authorities coupled with public effort must display sustained interest in forming co-operative housing societies for the purpose of providing cheap houses suited to different income groups in each place if the present crisis of house famine is to be alleviated. For achieving this object, local bodies must provide facilities to the societies in the preparation of lay-out, construction of roads and provision of such essential amenities as water-supply, drainage, sewage and lighting. Wherever the Government, municipalities, improvement trust and similar bodies have at their disposal lands to sell or lease for long terms for construction of houses, they should be given preferably to co-operative housing societies at reasonable rates, without auction. A warning should, however, be uttered. There is usually a tendency in urban areas to confine planning to housing that is suitable for the upper middle class. It should not be so restricted. We recommend that whenever town-planning schemes are undertaken, certain areas should be reserved for people belonging to the poorer and the lower middle classes.

Additional Concessions Recommended :—Government have initiated a policy of granting State loans for the working of the co-operative building societies, but as seen from the progress made in this Province, the movement is but little developed as only 2,560 houses have been built in twenty years. To accelerate co-operative

building activities, we make the following recommendations in addition to those already indicated:—

(1) *Enhancement of individual Credit limit*:—In the case of house building societies, loans to members may be permitted up to eight times the share capital and the maximum loan permissible to any individual member may be fixed at Rs. 20,000 ; but this limit should not preclude a member from asking for a more expensive house so long as he pays to the society all the moneys in excess of this amount in advance as demanded, and the entire building is held as security by the society.

(2) *Reduction in the rate of interest*.—The Government should be able to grant loans to co-operative societies and even to corporate house-building schemes which are not profit-seeking, at rates not more than their borrowing rates *plus* a small charge of one-fourth per cent to cover their expenses. The loan should be spread over a long term of years as long as sixty years as in the case of the United States Federal Housing Authority Loans.

Provincial Housing Society Not Necessary:—The All-India Co-operative Planning Committee has recommended that a central co-operative housing society may be formed in each province and that its function should be to grant long-term loans to housing societies mainly for the purchase of house-sites and for the construction of houses and to purchase building materials on a large scale from wholesalers and supply them at reasonable rates to the housing societies. If State loans to building societies are to pass through the central society, it will increase the rate of interest to the ultimate borrower, as it will have to add some margin for its services. It may not also be in a position to float loans on its own account and pass them on to members at a rate at which State loans are now available to the building societies. If it should take up the procurement and distribution of building materials, it cannot be of help in these days of controlled distribution and may merely prove a fifth wheel to the coach. For these reasons, we are not in favour of a Provincial Housing Society for Madras.

RURAL HOUSING.

The problem of rural housing is not as serious from the quantitative standpoint as from the qualitative point of view. Bad and defective dwellings are more common in villages than in towns though housing shortage is much less acute in rural than in urban areas. The unsatisfactory conditions in rural parts have so far received little attention.

Population Drift from Village to Towns:—There are 35,430 villages in the Province ranging from small aggregations of a few huts to units bordering in size and mode of life to small towns. The total population of the Province and its distribution between urban and rural areas with percentage of increase from 1911 to 1941 according to Census Reports show that the total population has been increasing in the thirty years preceding the last census year. Likewise, the proportion of the urban to the total population marks a gradual increase during the last four census years. On the other hand, the proportion of rural to the total population records a decrease in all the four census years from 88.2 per cent in 1911 to 84 per cent in 1941. It is therefore evident that, even before the war, there had been exodus of the rural population to towns though the tendency has intensified in 1941 and after. This progressive drift of the population to urban areas is due to advance in industrialization, better amenities available in urban areas, more favourable conditions of employment, improved standards of living, the concentration of education and medical facilities in urban areas, greater attractions of city life, greater security, breaking down of joint family, freedom from social inhibitions and freer life all round.

Measures to Arrest the Drift:—A further very important cause for the rural de-population is due to the 'Land Question' which means the agricultural labourer

has no 'stake in the soil', no profitable interest in the land and is consequently at the mercy of the land-owner. Whether it will be possible altogether to check this migration of labour population from rural parts to urban areas or not, we feel that it is necessary to make village life more attractive. One such measure is to provide good housing together with services and amenities so that village life might be less dull and monotonous and the disparities which persist to-day between rural and urban life are diminished.

Low Wage Level of Rural Workers:—One important cause contributing to unsatisfactory rural housing is the usual want of resources. With the poor income of the agriculturist in general, there is little margin for him to make an adequate outlay on proper housing and we do not believe that the housing problem would ever be satisfactorily solved without due recognition of the relations between low income and housing. The problem of low income is inseparably bound up with the problem of rural housing and aided housing stands out as the only solution.

While the low rate of *per capita* income is at the back of this sorrowful state of affairs, the more immediate causes which contribute to the low health level of the population are mainly (1) unsatisfactory dwelling houses, (2) lack of proper water-supply in rural areas in particular, (3) inadequate sanitary arrangements and disregard of environmental hygiene, (4) paucity of medical and maternity aid especially in rural areas and (5) general lack of education.

The level of health services is unsatisfactory even in urban areas and the position is much worse in rural parts. The spaces between the houses are narrow and full of depressions which allow water to stagnate and offer a suitable breeding ground to the bacilli of innumerable diseases. All these make their contribution towards the regular visitations of malaria after the rains, and cholera and plague during the winters. Sanitary reform, village planning and housing schemes are practically unknown in the rural parts of the country. While such medical and maternity relief as has been provided is confined exclusively to taluk headquarters and is entirely absent in the villages.

Housing Position:—From a quantitative standpoint it cannot be said that the houses are too few for the rural population nor any worse now than they were 60 years ago. Though the space aspect of housing is not so urgent as in the cities, yet the problem of proper housing is not a mere question of so much space per head or family. It also presents the problems of suitable roofing, flooring and distribution of the available space as between the different needs of a family. The man and the kitchen, the man and the grain, and equally frequently the man and the cattle are found sharing together the same room throughout the night. These are precisely the aspects in which our rural houses are most defective.

Causes for the Unsatisfactory State of Rural Dwellings:—The unsatisfactory state of rural dwellings are due to several causes. Most of the houses are fairly old. Moreover, new dwellings are not required to conform to any regulations. In many cases dwellings are too scattered to enable common services such as water-supply, drains, electric light, etc., to be provided on an economic basis.

The present state of rural housing appears to be mainly due to the low income level, as already stated, of a large proportion of the rural population which leaves little or no margin for improving the housing conditions.

Measures to Improve Rural Housing:—Minimum housing standards must be laid down and they should be enforced. Type designs for new houses should be made available to the villagers. Mass production of standard fittings for all houses and for their sale if necessary on an instalment basis at controlled rates is desirable. In this connection it is seen from the report of the All-India Co-operative Planning Committee that the Public Works Department in the Punjab have been making experiments with various types of local materials which could be used in

the building of rural houses and have prepared estimates of cost on the basis of current prices. It is stated that they have evolved a new material, namely compressed mud which is as strong as ordinary brick and can be manufactured cheaply. This is an old system with a new name. It used to be called *Pise* work where semi-dry plastic clay and gravel used to be rammed between forms. The materials are now subjected to soil analysis and are compounded to produce the maximum possible strength for the class of material available in the locality. Such materials would cost less and could be used for effecting improvements to the existing houses and similar researches may be undertaken in this Province with a view to bring down building costs. As a first step, basements of brick in mortar and cement flooring would be useful. Masonry walls may be added later as the finances improve. This will cut down initial expenditure to about 30 per cent of the cost of the whole house and make the scheme financially more feasible. Enormous quantities of standard fittings specially iron fittings would be required for rural housing. Their supply is woefully short. We have suggested that they may be manufactured locally with aid from the Government in the shape of capital and supply of raw materials required for the industry. When such an industry is established it will be able to supply the standard fittings required for rural housing as well. The problem of rural housing should be looked upon not only from the point of view of providing houses to the rural populations but also of providing non-seasonal employment.

Land Improvement and Agriculturists' Loans (General) Rules to Facilitate Housing Schemes:—We are aware that in March 1937, the Government amended the Madras Land Improvement and Agriculturists' Loans (General) Rules, 1933 providing for the grant of loans to the ryots from Rs. 500 up to a maximum of Rs. 2,000 for the construction of new dwelling houses in rural areas on the security of the site and the building constructed thereon with the aid of the Government loans. We understand that as the scheme was not popular at that time it was dropped altogether in October 1939, on the suggestion of the Board of Revenue. We suggest that the matter may be re-examined in greater detail in order to ascertain whether with any modifications, the scheme may not be made popular particularly by reducing the rates of interest to quarter per cent over the borrowing rates and by spreading the period of repayment over a longer term of years, and also by speedy disposal of loan applications.

Co-operative Housing Schemes for Villages:—The All-India Co-operative Planning Committee has recommended that a Co-operative Housing Society may be organized for a group of villages, that after construction, houses may be taken over by the Society, which will be responsible for the collection of rent from the occupier members and that option may be given to them to purchase the houses at a value to be determined with reference to the local market rates and that payments may be made under the hire-purchase system over a period of 20 to 30 years. We recommend that the feasibility of forming such societies may be taken up for investigation by the Co-operative Department for adoption in this Province.

Housing for Agricultural workers:—We are of opinion that people who do not own one or two cawnies of land in a village cannot afford to have more than huts with mere mud walls and thatched roofs without help either from the Government or the landlord. The bigger landlords in rural parts must be treated on a par with industrialists of the urban centres and they may be persuaded to make a contribution to the housing of the agricultural workers and other poorer classes of the village community and given similar facilities for construction of houses as we have recommended for the industrial labour.

Development of Health, Sanitation, Communication, etc., to be Tackled First in Rural Areas:—We are of the view that, while the importance of rural

housing should in no way be minimized, the problem is so vast, that it may take many years before the State can undertake any large scale ameliorative measures. We hold that the provision of essential amenities should not be delayed on this account. They should be tackled forthwith and substantial progress shown. The urgent needs of the villages are amenities such as hard surfaced roads, protected water-supply and better all-round sanitation which will reduce the incidence of disease and make life even in a hut worthwhile. This should be tackled first before the housing problem is taken on hand. This itself will require large scale planning and the establishment of technical staff to execute the schemes and a large scale mass production of ceramic and pipeware, etc., which will itself be a vast industry worthy of encouragement.

Programme of Housing Development in Rural Areas :—The value of land is generally low in rural areas and local materials are likely to be somewhat cheaper. It should also be possible to keep the cost of labour—required for construction—at a low level by undertaking building activities during the off season. It is our estimate that the cost of a dwelling unit may, upon this basis, be put at Rs. 2,000. It follows that the cost of providing 42 lakhs of houses required for the countryside will be Rs. 840 crores.

We recognize the fact that, judged by these figures, rural housing is a stupendous undertaking and that practical considerations necessitate reduction of commitments. At the same time we feel that measures designed to improve the general health of the people cannot easily be postponed. Both these considerations have led us to examine the question earnestly and we are of the opinion that for the present it would be sufficient to build permanent basements only leaving the construction of the temporary superstructures to the individual to be replaced later on by a better superstructure with the assistance of the State. We estimate the total cost of construction of basements at Rs. 400 crores. On the basis of a 20-year programme, the construction of basements will involve an annual outlay of Rs. 20 crores.

—Report of the Madras Provincial Housing Committee.

CO-OPERATIVE MARKETING OF COPRA

By

K. GOPALAN,

Secretary, Indian Coconut Committee.

Present position of growers :—Most of the coconut growers in India are small scale cultivators having on an average only 100 to 120 trees in bearing condition. They are poor and anxious to get as quickly as possible the maximum return from the sale of their coconuts. The local moneylenders usually exploit their financial weakness and urgent need for cash, by advancing them loans against the standing coconut crop and securing the nuts at prices considerably below the market rate.

It is estimated that about 46 per cent of the coconuts produced in India are converted into copra of which 20 per cent are prepared by the growers and the balance by professional village copra makers. The growers and small copra makers ordinarily take loans from middlemen and wholesale copra merchants to meet their day to day cash requirements. Many of them may be carrying the burden of prior debts also. Because of their indebtedness, the producers are often compelled to sell their produce to the copra makers and merchants from whom they take advances. In Cochin, in particular, nuts are sold in advance for the whole year on the basis of prices prevailing at the time.

Small producers' handicaps :—In their anxiety to sell the stuff as early as possible, they pay little or no attention at all to its quality. It is a fairly well

known fact that although copra has to be dried for about seven days in the sun, the growers generally sell their copra after drying it partially for 2 or 3 days. The mills usually like to purchase copra containing only 2 to 3 per cent of moisture while that offered for sale contains as much as 12 to 15 per cent. Besides, there is an erroneous belief current among the growers that the buyers might underestimate the moisture content or overlook it. What actually happens, however, is that the buyers, with their better bargaining power, exaggerate the moisture content and offer a price which is hardly fair to its real quality. The growers in fact lose more by that method than what they hope to gain.

Besides, as the quantity of copra which individual growers offer for sale at a time is small, they cannot afford to sell it to the best advantage. They cannot also escape the long chain of middlemen, brokers and wholesale dealers in the trade who handle copra in the villages and the assembling and distributing markets.

How Co-ops Can Help:—The societies can make copra from coconuts collected from members or market members' copra after drying it to the finish. They can help their members to increase their holding power by advancing loans against coconuts. The societies can also assist in improving the quality of the copra by educating the copra makers about the loss incurred by selling insufficiently dried copra. The bargaining power of the societies and the sale of fairly large quantities obtained by pooling members' produce also will help the members to obtain better returns for their produce.

Advance of Loans :—The real problem that faces the small producer is the question of raising loans to meet his immediate requirements for money. The co-operative societies could help to wean their members from the ruthless system of hypothecation of produce and save them from the many exactions of moneylenders by advancing them loans on easy terms against the produce pledged to the societies. The financial accommodation keeps them going until the sales are completed and final settlements are made. The system of limiting advances to the stored produce benefits mostly the better class of producers. There is, therefore, also need for advancing loans against the standing crop. Such loans do not involve any undue risk as they could be covered by promotes over and above the pledge of the produce. The Co-operative Coconut and Copra Marketing Society at Badagara (Malabar District) has actually been advancing such loans and experience has proved that the system is quite sound and workable.

Improvement of Quality:—There seems to exist a general impression that the increase in price is not in proportion to the loss in weight that he has to suffer by completely drying the copra. This is one of the reasons why the village copra makers and producers offer insufficiently dried copra for sale. Another practice resorted to for the quick production of copra is to give a preliminary drying to the coconut kernels in ordinary country kilns before exposing them to the sun. The kilns used are crude and defective and the copra produced is of inferior quality.

By advancing loans, the societies could encourage the members to convert their coconuts into copra and keep to themselves employment which would be denied to them were they to sell away their nuts. The societies can also arrange to make copra from coconuts collected from the members besides getting the members' copra dried properly. The business transactions of the existing societies have demonstrated in a practical manner that the price of copra depends on its quality and that quality does pay.

More Efficient Marketing:—The small coconut growers and copra producers cannot sell their copra at the highest price as the quantities they have to sell individually are small. By their association into co-operative marketing organisations they are, however, able to pool their produce, increase the quantity made available for sale and exercise a considerable amount of control in its marketing.

The merchants who purchase from the Society have the advantage that they get fairly large quantities of well-dried and graded copra at a time and are, therefore, prepared to pay a slightly higher price.

The societies could also undertake all the functions which the long chain of brokers, middlemen and wholesale merchants now engaged in the copra trade perform. The middlemen handle as much as about 75 per cent of the copra trade. They, therefore, wield considerable influence in the trade and manage to knock off the lion's share of the profit which naturally reduces the producer's share in the consumers' price.

Correct Weightment Assured:—It is often the case that a copra maker is duped to the extent of 4 to 5 lbs per candy of 654 lbs. in weight by an ordinary dealer. In many cases the weights are made of stone. They can easily be tampered with and are liable to wear out quickly. Many of the weights, therefore, differ appreciably from the correct weight. The producers, therefore, lose considerably when weightments are taken with such weights. The societies, however, maintain correct weights and experience has shown that the members who deal with them are quite satisfied with the weights used by them.

Quality of Copra :—At present several qualities of copra are recognised in the trade, but the classification is based mostly on visual examination. This does not enable the producers to obtain premium for better quality copra. It is true that just at present there are no authoritative grade specifications and standards prescribed for copra, but samples of milling and edible copra collected from the various parts of the country during various seasons are being analysed under a scheme sanctioned by the Indian Central Coconut Committee, and on the basis of the results it is hoped to fix grade standards for copra and coconut oil. It is proposed to give the grade standards a trial, to start with in the co-operative copra marketing societies working under the auspices of the Indian Central Coconut Committee and in case grading proves successful, as it ought to, the trade may take to it and make it popular.

Copra Drying Kilns :—At present it is difficult to prepare copra of uniform grade throughout the year. Due to the limitations imposed by the exigencies of unfavourable weather conditions it is only for about six months in the year that we are able to prepare copra of satisfactory quality by sun-drying. The copra produced during the monsoon by the smoking method is generally discoloured and rancid. It may be better to prepare copra by the hot air method during the rainy season. Of the three important driers in operation in Ceylon—Estate Kiln, Pearson's Drier and Chula Drier—it would appear that from practical considerations the Estate Kiln with certain modifications would answer our requirements satisfactorily. With a view to find out how far the Ceylon Estate Kiln would be suitable for conditions obtaining on the West Coast the Indian Central Coconut Committee has sanctioned the establishment of such a Kiln in the premises of the Co-operative Copra Marketing Society at Badagara. Should the experiment prove successful it should be possible for co-operative societies to instal such improved kilns and improve the quality of the copra produced in the rainy months.

Distribution of Manure, Implements, Etc. :—The societies could also undertake other ancillary functions. As in the case of sister institutions in Ceylon, they could arrange to purchase and distribute manure, implements and coconut cake and other cattle feed for the members' animals. They could also render assistance to step up production by providing loans at cheap rates for the inter cultivation and underplanting of members' coconut gardens. They could arrange, too, to purchase selected seedlings from the coconut nurseries operating in the important coconut producing Provinces and States with financial assistance from the Indian Central Coconut Committee and distribute them to the members. The importance of planting selected seedlings in the case of a perennial tree like the coconut

which takes 8 to 10 years to commence bearing and lives up to an age of over 80 years cannot be over-emphasized as a mistake once committed in the selection of the planting material cannot be easily remedied later on.

Badagara Society's Record :—The society was started on a humble scale with 20 members about 9 years ago. It had more than 400 members to its credit in 1945 and had enlarged its business considerably. While the society had advanced a loan of Rs. 35,000 only during the first year to its operation, it had granted as much as 1½ lakhs of rupees as loan in 1944-45. Of the profit in 1944-45, 25 per cent was credited to the reserve fund and 7½ per cent to the common good fund and the balance was utilised for paying bonus to the staff and dividend on paid-up share capital. During the year the bonus amounted to a month's salary and the dividend was of the order of 6 per cent.

Vaikom Society :—During the 2 years ending 31-12-1947, the Vaikom society in Travancore had declared a net profit of Rs. 5,714 including the subsidy received. It is estimated that by selling copra through the Society the members had received on an average about Rs. 2 extra per candy of 654 lbs. The society had also established a reputation for its copra. Besides, Vaikom which was not a market for copra when the society started work, has now become a market of considerable importance as may be evident from the fact that about 30 or 40 copra merchants have established their business round about the society. Besides, two mills have also sprung up in the locality. Some of the members who, before joining the society, were selling their produce as coconuts, are now converting them into copra before sale. But for the fact that the period of operation of these two societies had coincided with that of declining prices and of control in prices exercised by the Government of India, they would have been able to show much better progress.

How the Co-ops may be Organized :—With regard to the selection of centres for location of the societies it may generally be stated that they should be started in important copra producing centres like Alleppey, Cochin, Ponnani, Calicut, etc. The membership should as far as practicable, be confined to the producers of copra and coconut. Experience has shown that it is difficult for the societies to find large sums of money for advancing loans. To start with, therefore, it may be desirable to restrict membership, as far as possible to those without the burden of heavy past debts. It is, however, equally important that those with past debts should also be brought within the fold of these societies and helped to liquidate their past financial encumbrances. It should be possible to do this as the work of the societies gets into full stride and more funds become available. Besides in the initial stage it may be found desirable to arrange to sell non-members' copra as well through the societies. The members should be granted a dividend and that would serve as an inducement to non-members to enlist themselves as members.

Shares and Loans :—The value of each share may be fixed at about Rs. 5 which may be paid either in a lump sum or in easy instalments. A limit should be fixed with regard to the number of shares an individual member can take, as otherwise all the shares may be subscribed to by a few well-to-do members. Similarly it may be desirable to limit the amount of the loan that may be granted to a member, to a certain multiple of his paid-up share capital. The society at Badagara allows a member to take only a maximum of 200 shares and limits the loan to Rs. 500 per paid-up share. While restriction may be exercised with regard to the maximum number of shares a member may take, there need be no limit as regards the quantity of copra that he may be allowed to sell through the society. As the price of copra fluctuates considerably, the general practice is to grant loans up to 60 to 75 per cent of the value of copra. The loans are usually adjusted against the sale proceeds of the member's copra. Wherever practicable, loans should be advanced against standing crops also. The interest on the loans should

be fixed having due regard to the rate current in the locality. It would be in the interests of the societies to get affiliated to co-operative central banks who would be prepared to advance them loans under certain conditions. Deposits may be accepted both from members and non-members at reasonable rates of interest. Some of the societies have complained that the rate of interest on loans advanced to them has reduced their profits. The Central Co-operative Banks should, therefore, consider the possibilities of reducing the rate of interest charged by them:—

Objectives and Activities:—The co-operative copra marketing society at Badagara functions purely on commission basis, advancing loans to the members against their stocks and the standing crop and sell the members' copra in open auction. The Vaikom society, on the other hand, undertakes outright purchase and sale of produce. Opinion seems to be divided as to which constitutes the best method of operation. The former system calls for considerable capital and financial accommodation which many Co-operative Central Banks may not be able to provide. Besides, if the societies were to function as self-supporting institutions on small commissions, their turnover would have to be considerably large. On the other hand, the societies doing outright purchases run the risk of considerable loss especially in falling markets. Considering all aspects of the question, it would appear better to follow the system adopted by the Badagara Society.

Processing Charges:—The societies should also draw up a schedule of charges for the services rendered in connection with the processing of members' produce like converting coconuts into copra, fully drying partially dried copra, etc. Badagara society charges Rs. 3 per 1,000 nuts converted into copra and a flat drying charge of Re 1 per candy (672 lbs) of cup copra brought for sale in partially dried condition. The drying charge for a candy of ball copra is eight annas. The society's commission on the sale of members' copra and coconut shells amounts to 1½ per cent of the sale proceeds.

The Staff:—While it is necessary to constitute a strong Executive Committee to guide and advise the members of the staff it may be equally desirable to arrange for close official supervision in the initial stage. The work connected with preparation and marketing of copra may not engage the staff throughout the year. With a view, therefore, to make the societies' working economical they would be well advised to undertake ancillary functions such as retting of husks and purchase and distribution of manure, coconut seedlings, implements, animal feed like coconut cake etc.

A Network of Societies:—The growers are generally quick to avail themselves of all possible opportunities of improving their economic condition. It should not, therefore, be difficult to establish with the co-operation of the producers, a network of co-operative credit-cum-sale societies in the coconut growing areas and secure for them the maximum return for their produce by collective bargaining, improving the quality of the produce, large scale buying and elimination of the intermediaries.

—*The Indian Coconut Journal*, Apr.-June, 1948.

REORGANISING THE CO-OPERATIVE MOVEMENT IN BOMBAY

The Agricultural Credit Organisation Committee appointed in February 1947 under the Chairmanship of Sir Manilal Nanavati, after having given full thought to the subject, had expressed the view that it was not necessary to establish an Agricultural Credit Corporation for the supply of the several kinds of finance needed by the agriculturists of the Province as recommended by what is popularly known as the Gadgil Committee, and that the co-operative institutions in the Province could; with suitable alterations in their organization and necessary Government support, fulfil the function better and more readily. The Government of Bombay has accepted this recommendation and has also passed orders on various other recommendations of the Committee with a view to helping and encouraging the healthy growth of the co-operative movement.

The normal policy of Government would be to register multi-purpose societies only in villages, on limited or unlimited liability basis as desired by the agriculturists, without numerical restriction on membership. The conversion of existing societies into multi-purpose societies would be attempted as far as possible. Special Co-operative Credit Associations are to be formed for the financing of bigger agriculturists.

A certain degree of elasticity in the procedure of borrowing by agriculturists has also been introduced. They would now be able to take loans as and when required within the limit of their credit-worthiness instead of taking such loans in lump at one time. Provision is also considered necessary for supplementary credit against standing crops for late seasonal operations. The cash credit system too has to be developed to provide elasticity and convenience.

Since speedy recovery of outstanding dues and arrears of co-operative societies generally is absolutely necessary, the existing procedure is to be revised and replaced by that followed in the recovery of dues of land mortgage banks. The suggestion that the special Recovery Officers at present under the control of the Collectors should be appointed and controlled by the Registrar of Co-operative Societies is also being examined. Legal provision has also been made rendering inalienable the immovable property of a borrowing member so long as he remains indebted to the society. The Government has also instructed the Registrar to adopt the several suggestions made by the Committee regarding the rates of interest, reduction in expenditure of management, etc.

The Government has accepted the suggestion that the Provincial Co-operative Land Mortgage Bank should not be merged with the Provincial Bank and that new land mortgage banks should not be encouraged provided the Provincial Land Mortgage Bank makes arrangements to take up work in the areas not served by the local banks. The Committee's recommendations in respect of close co-operation between credit and marketing co-operative societies and co-ordination in their activities have also been accepted. As regards storage arrangements, the Government has already issued order that loans upto a limit of Rs. 5,000 or half the cost of the godown, whichever is less, should be advanced to co-operative societies for construction of godowns. The rate of interest on such loans has been reduced to 3½ per cent per annum.

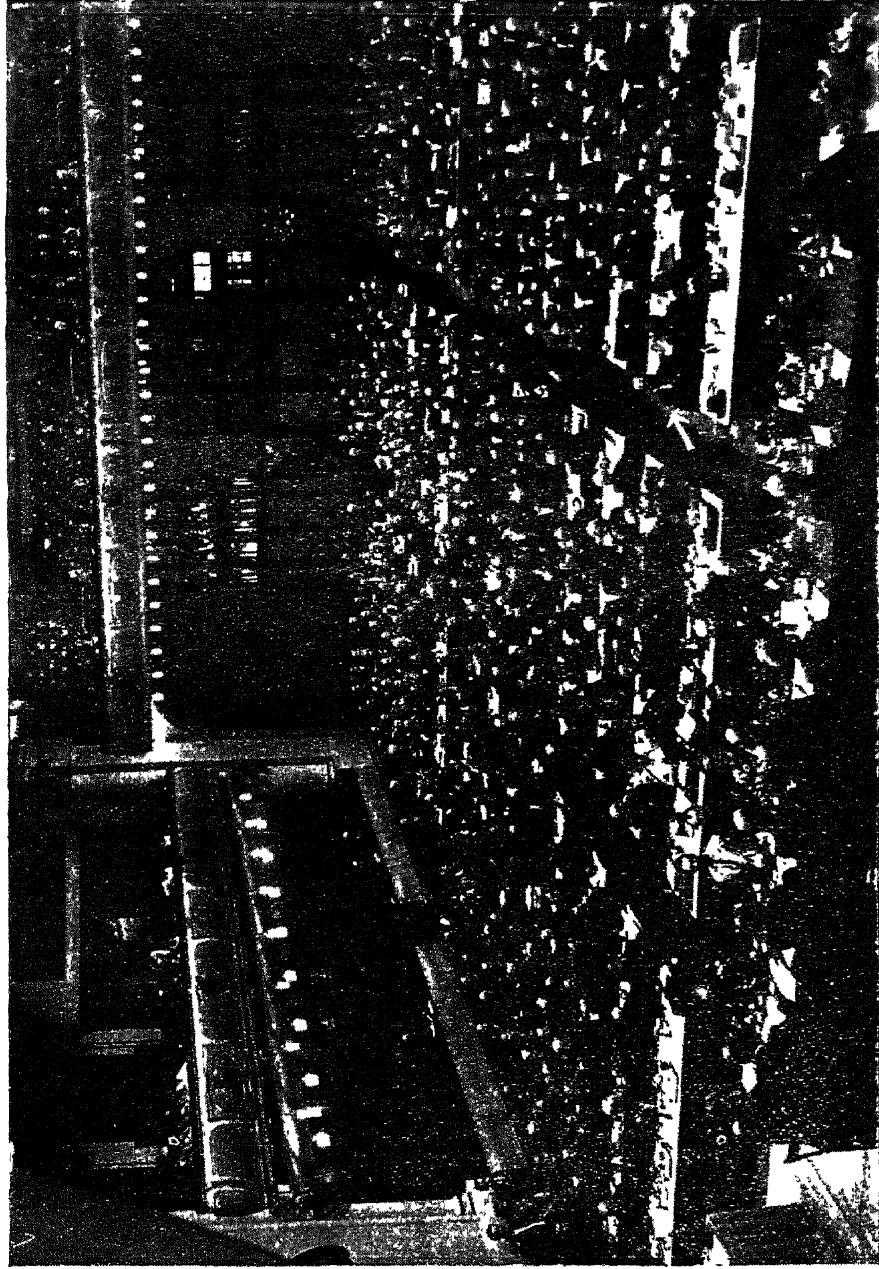
The total working expenses of the primary societies in the Province are 4.4 per cent of their working capital. As this high cost of management naturally results in increasing the margin which these societies have to keep between the borrowing and the lending rates, the Committee had recommended that the Government should contribute towards the cost of the secretaries of the societies that need such assistance. The Government has instructed the Registrar to furnish an estimate of expenditure involved in this proposal.

The Committee had recommended a subsidy to multi-purpose societies for the first five years on the descending scale of Rs. 300 for the first three years, Rs. 200 for the fourth year and Rs. 150 for the 5th year or half the cost of management and propaganda in any particular year whichever is less. Such assistance is being already given by Government.

Some of the other recommendations of the Committee are yet under the consideration of Government

—*Reserve Bank of India, Bulletin.*

XVII INTERNATIONAL CO-OPERATIVE CONGRESS
Prague, 27th to 30th September, 1948



Group Photo of all The Delegates in Session
INDIAN DELEGATION

INDIAN DELEGATION AT THE CONFERENCE



Front Row Left to Right :

1. Dewan Bahadur Professor Hiralal L. Kari Shikshak Delegate as Member of the Central Committee of the International Co-operative Alliance.
2. Mr. B. J. PAREL, Hon'y. Secretary, Indian National Co-operative Bureaus' Association.
3. Mr. V. P. VARDE, Hon'y. Managing Director, Bombay Provincial Co-operative Bank.

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No. 3

EDITORIAL NOTES

INDIAN DELEGATION

AT THE INTERNATIONAL CO-OPERATIVE CONGRESS

The 17th Congress of the International Co-operative Alliance was held at Prague, the capital city of Czechoslovakia from the 27th to 30th September 1948. We propose to give in the next issue of our *Review* a detailed account of such of the proceedings as may interest our readers. The Congress was attended by Professor H. L. Kaji, Mr. B. J. Patel of Baroda and Mr. V. P. Varde, the Managing Director of the Bombay Provincial Co-operative Bank. Our readers will be glad to hear that the Indian delegation made a good impression. Prof. Kaji was invited to lecture on Rural Reconstruction at the International School of Co-operation on the 17th September, prior to the Congress. The lecture was much appreciated and the discussion that followed was free, frank and lively. Prof. Kaji also made effective contributions to the discussions on the Co-operative Press, Co-operative Education, Co-operative Insurance and Producers' Societies at the Auxiliary Conferences. To him was given the honour of moving the first resolution at the plenary session of the Congress on the promotion of Co-operation in under-developed countries of the world. He took part in the discussions on some other resolutions and the papers presented to the Congress. Mr. Patel also took part in the debates and Mr. Varde circulated a brochure on the Co-operative Movement in India.

Prof. Kaji invited the next session of the Congress, to be held in 1951 to India—"a land of ancient glories; also a land of future promise". But Denmark and Italy also invited. The invitations were, according to precedent, referred to the Central Committee of the International Co-operative Alliance for final decision.

Prof. Kaji was elected as a member of the Central Committee, an honour not only to him but to the Co-operative Movement of India. He was also wanted on the Executive Committee; but he had to decline the honour as he could not attend its frequent meetings.

We are glad to learn that Prof. Kaji and party have already visited Holland and Belgium and the United Kingdom and their leading co-operative institutions. They propose to visit France and Switzerland before they return to India. We wish them a further happy and instructive tour and safe return to India where we are sure they will give of their best to the Movement.*

*Since writing this Editorial note Prof. Kaji has returned and has already given his first impressions of the Congress. *Vide* p. 194.

MILK SUPPLY UNIONS

We publish in this issue of the Review a number of articles on the major milk supply Unions in India based on up-to-date data of their working. They have always had difficult problems to solve; but these seem to be accentuated after the end of the war. The war indeed gave a great fillip to the expansion of the Unions. Membership, funds, staff, equipment, buildings—all increased to meet the sudden enhancement of demand for milk for the Forces. After the termination of supplies to them, the civilian population have far from absorbed the increased supply. It has not been possible to stimulate the demand for a variety of reasons, the most important being the increased price of milk, which has to be charged by the Unions—three to four times of what it was prior to the war. Prices of all food-stuffs have no doubt increased, but poor consumers, as most of the people are, seem to think that milk is a luxury compared with cereals, which they cannot cut and therefore, go in for cheaper milk even knowing that it is inferior. This is the complaint by every Union, which is obliged to charge higher rates as it endeavours to get purer milk, though in some cases the arrangement made is not perfect. (e. g., in Calcutta, which trusts too much the village collectors of milk working for commission). The private vendors of milk—big and small—compete with the Union and do a roaring trade, as they are able to supply milk at an earlier hour in the morning, which most consumers of tea or coffee prize more than quality of milk. Fresh milk cannot be transported earlier from long distances, at which the societies are generally situated—partly with a view not to compete with local vendors of milk who cannot reach so far.

Pasteurisation does not seem to solve the problem of avoiding early milking at the societies. The bad handling of milk before pasteurisation, which is done at the Union, after a long journey on roads which are far from smooth, and the rough, if not mischievous, handling of it by delivery boys even though sent in sealed cans or bottles (as has been experienced in Lucknow and Madras) do not ensure purity of milk. At any rate the pasteurised milk, if it had been drawn the previous evening, especially in summer, has not been quite popular. Dr. Wright was inclined to doubt the benefit of pasteurisation if it was done within city premises to which it was transported raw. It is doubtful if such pasteurisation has even 'sales value' at present. Expert advice is that pasteurisation should be done at as near producing centres as possible, and the milk so treated should be carried in smooth running vehicles on perfect roads, which are not difficult to make for the required distances to the city. It is a pity that even the Railways do not provide refrigerator arrangements for such huge quantities of milk as are sent to big cities.

It is a reflection on the efficiency of our milk supply Unions, as well as of the standard of consumption of our citizens, that they are not able to cater to more than an insignificant proportion of domestic consumers—at

the most 7 per cent. Most of the Unions depend on the sheltered custom of the Government Hospitals, Jails, Hostels, Mill Canteens, etc., who buy from the co-operative union not entirely for its superior quality but also for the financial integrity of the buying staff that it involves.

One serious trouble for the Unions arises from the fluctuations in supply of the milk of cows in the course of the year. Consumers have to be denied their full demand in the slack season: while in the flush season the unwanted surplus of milk has to be converted into butter and ghee, whose prices are unremunerative compared with the price of milk and result in losses.

Whether the keeping of some she-buffaloes by the Union will solve the problem of meeting the demand in the slack season for cow's milk—as has been suggested in the article on Calcutta Union—we are not in a position to assert. Perhaps it may accentuate the trouble of surplus in a part of the flush season. It seems to us that the Union may offer higher prices for milk during the slack season so as to deter the producers from selling any quantity to private vendors who seek their doors more often at that time.

On the question of buffalo *vs.* cow, there seem to be divided opinions. In parts of India cow's milk is preferred for reasons of health and taste. Cow's milk and butter contain carotene. But buffalo milk is richer in fat and compared with the average cow at present yields more milk. Popular opinion is that it is a better dairy animal and is less fastidious and expensive as regards feed. But experts seem to think that the cow is capable of yielding far more milk, if properly bred and fed and it is better to have a whole herd of cows, which if supplied with green fodder throughout the lactation and served at regulated intervals, as in Government Farms, will not lead to marked fluctuations in yield. There seems to be yet no decisive policy or expert advice on what milch animals the members of milk supply societies should be encouraged to buy or what bulls should serve them from the point of view of higher milk yield, consistent with the size and strength of the former (*vide* article on Lucknow). Nor is there any clear objective as regards the cultivation and supply of green fodder to milch animals, on which the yield of milk—in respect of quality and quantity—depends. Only a few Unions seem to perceive this need; others are content with supplying at reasonable prices some dry feeding stuffs including concentrates, sold at high prices in the market.

Perhaps an ideal solution would be to remove all the milch animals to a distance of 15 or 20 miles from the city, but well connected with it by roads, having sufficient supply of water and land for growing green fodder throughout the year (*vide* Extracts). Whether every city has such a suburban area, we are not sure. And though it would be a great relief to the animals which are crowded together in the city slums, as well as to the human beings who have had to live in such surroundings, it would be a very expensive affair—and impracticable as an early measure. But every city may well aim at the policy of gradual removal of milch animals to healthier surroundings.

One great help the city municipal health authorities can render to the co-operative union is to check adulteration of milk more strictly than they have been able to do so far ; take a larger number of samples for test and have more deterrent fines imposed on culprits. This will offer a fairer field for the Union to compete ; and its own responsibility for buying and vending pure milk will then be greater. Also larger supply will help to reduce the cost to be paid by ultimate consumers.

WAR AND RURAL INDEBTEDNESS IN BOMBAY

The Bombay Provincial Co-operative Institute undertook an enquiry into the effects of the War on the economic position in relation to debt of the members of primary rural co-operative societies in certain selected areas of the Province. It is not clear how these were selected. Nor could members of co-operative societies represent all agriculturists. They come mostly from the medium strata of the peasant community. They are not usually substantial farmers ; nor are they submarginal farmers. After the data were collected from about 30 societies and 1,600 persons, the work of analysis and interpretation of data was entrusted to Prof. D. R. Gadgil, Director of the Gokhale Institute of Politics and Economics. The enquiry in Gujarat was very imperfect and the meagre data collected there could be of no use. The data collected in the other two Divisions—Karnataka and Maharashtra—have been analysed and interpreted with characteristic thoroughness by Prof. Gadgil, extracts from whose report we publish elsewhere in this issue.

Each of the two Divisions has been divided into a number of tracts according to the predominance of cropping or climatic conditions, or the system of irrigation. The effect of the War is studied and reported with reference to the farms in each tract according to the size of holdings cultivated.

There has, no doubt, been a general reduction of debt, but the reduction is not uniformly correlated to variation in the size of holdings. There has been a marked decrease of debt among farmers holding more than 20 acres in almost all tracts. But in the well-irrigated tract of Maharashtra holders of 5 to 10 acre farms have effected a greater reduction of debt than holders of 20 to 40 acres. Those with less than 5 acres could reduce their debts only very slightly. In the canal irrigated tract of Maharashtra, holders with more than 20 acres have had a 60 per cent reduction of debt, while those with less than 5 acres have had their debt burden increased. In the dry tract of Deccan, the decrease of debt is said to be in inverse proportion to the size of the farm. In the Karnataka, the benefit of high prices has led to the marked reduction of debt only of farmers with more than ten acres—especially in the tobacco and 'below ghats' tracts.

Altogether one gets the impression that the benefits of the recent rise in prices had been over estimated by the previous Government. The pressure of the soaring cost of living has rendered the position of small

holders miserable. We wish the Government had started an enquiry including the lot of tenant-cultivators and labourers, whose position was found to be positively worse in the enquiry at Madras.

AGRICULTURAL CREDIT REORGANISATION IN BOMBAY

The Government of Bombay had appointed a Committee with Sir M. B. Nanavati as Chairman to consider among other things the recommendations of the Government of India (Gadgil) Committee on Agricultural Finance, some of which were quite drastic. The Government of Bombay have now passed orders on the recommendations of the Nanavati Committee, extracts from which are published elsewhere and will be read with interest by all co-operators in India.

It may be stated at once that this Committee came to the conclusion that there was no need for an Agricultural Credit Corporation and that the existing co-operative agencies, with suitable reorganisation and State-aid, could discharge those functions adequately. The Government concur in this view; in fact they have accepted most of the recommendations of the Committee, the first of which was that credit societies that had taken up non-credit work should be converted into multi-purpose societies, that all should be induced to take up non-credit work and that in future only multi-purpose societies should be organised. This is in consonance with the long-held views of the Reserve Bank, which, however, insisted on unlimited liability and 'one village, one society'. The Committee does not seem to insist on either of these. In fact it is left to the local people to decide on the nature of liability, not only to start with but to change it at any time. This is rather strange. It seems to us it would be difficult to work on unlimited liability, unless the area is small and transactions are not multifarious. Otherwise, limited liability should be adopted.

The Committee recommends that there should be no numerical restriction to membership. But is it not advisable to split up big societies or organise new societies when membership becomes too large or too varied for efficient management? The Committee itself recommends special societies for bigger agriculturists who require larger loans. But do these people find it difficult to get loans from outside at reasonable rates of interest and do they have any attraction for co-operation? The Committee recommends the creation of an automatic charge on a specified portion of the property of a borrowing member to render it inalienable as long as the member is in debt. If unlimited liability is understood and is sincerely followed, there is no need for such a charge. But it has not been fully understood nor followed. Lands pass hands quietly. Is it not better to insist straight away on the mortgage of a piece of land to the society by every member on the security of which mainly a cash credit may be fixed for him—as has been done in the Alamuru Rural Bank in Madras?

The Committee states that it will not be possible for land mortgage banks to lend at 4 per cent (as recommended by the Gadgil Committee)

unless the Government gives ample subsidy. The Government of Bombay have not committed themselves on the matter. The Committee holds that long-term and short-term financing agencies—The Bombay Provincial Co-operative Bank and the Bombay Provincial Co-operative Land Mortgage Bank—should continue to work separately and not be merged. We do not know why any local land mortgage bank working at a loss has been recommended to be merged with the local financing agency—the central bank. Nor can we understand why the Committee feels that no new land mortgage banks should be encouraged. The Government agree with this, provided the Provincial Co-operative Land Mortgage Bank takes up the work in areas not served by local banks.

The Committee has endorsed the recommendation of the Saraiya Committee that 50 per cent of villages and 30 per cent of rural population should be brought into the co-operative fold in two five-year periods—but not at the expense of sound organisation. The Government of Bombay are very anxious to spread co-operation and call upon Collectors of districts to help the district co-operative staff in organising new societies and to see to it that the rural folk who are now free do not relapse into debt and get into the clutches of money-lenders.

Various forms of State-aid have been recommended to co-operative institutions, some of which the Government have already granted, and the rest will be considered *e. g.*, technical assistance free of cost, especially for development finance.

A number of recommendations have been made by the Committee on the forms of aid, some of them of a negative character, that the Reserve Bank of India may extend to co-operatives, which are said to be engaging the attention of the Bank:—

The period of its loans should be extended from 9 to 15 months for agricultural operations and it should also arrange for easier negotiability of co-operative paper. The principle of the borrower being independent of warehouseman should be waived in case of co-operative societies. It may reduce the rate of interest on loans to Provincial Co-operative Banks for marketing of crops on condition that the benefit of lower rates is passed on to the ultimate borrower. It should accept the debentures of land mortgage banks as eligible security for loans, as principal and interest are guaranteed by Provincial Governments.

Altogether the Report of the Nanavati Committee should help to solve many a problem agitating the minds of co-operators in Bombay and elsewhere. The Committee and the Government of Bombay deserve the warm thanks of co-operators for the promptness with which the work has been done.

CROP INSURANCE

The Government of India, we learn from a press note, have appointed a special officer to study and prepare schemes of crop insurance which

may be tried in some select areas under the aegis of the Central Ministry of Agriculture. The agriculturists of India often lose heavily on account of acts of nature—for which they cannot be blamed at all—drought, heavy rains and consequent floods, cyclones, pests and diseases which sweep away the crops. They run into debt, which they cannot liquidate except in the course of a number of years. Insurance of the crop can protect them partially if not fully. The risk of loss will be shared by a number of growers: one year's blow will not paralyse them if they are prepared to pay a premium every year. The Government also will be relieved of the task of having to find heavy sums for relief in years of famine or to grant tax remissions in years of drought or cyclone, though the Government will have to give liberal aid financially and otherwise for any scheme of crop insurance at least in the initial stages. The agriculturists too by paying premia, from out of which indemnities are given, can maintain their self respect and not go with a begger's bowl every time a loss is sustained.

But crop insurance against all risks is not common feature even in advanced countries, though insurance against fire or hail or any single accident is common in Europe. It is only in the United States of America that *all risk* insurance of certain crops has been tried by the Government not directly, but through the Federal Crop Insurance Corporation which is subsidised. Insurance is voluntary and the guarantee is for a percentage of the average yield of the crop on the farm insured. The difference between this percentage and the actual yield is the indemnity paid. The premium and the indemnity may be paid in produce or its cash equivalent at prevailing market prices. The surpluses of good years, when premia exceed indemnities, serve as reserves for payment of indemnities in bad years. This, in substance, is the scheme, which is certainly attractive.

But is it so easy to work it in India? We have no data on the losses sustained by crops by the different natural calamities and by persistent negligence of the growers themselves. As an insurance scheme, it is not merely the losses sustained by the whole community, but by individuals who have insured, that should be known. If it is necessary to free the responsibility of the individual for the loss, it cannot be done by a touring officer of the Insurance Corporation alone; but he should have the frank opinions of local leaders. Will the local people take up such an embarrassing task? Can any voluntary scheme work in India as in U.S.A. and will it be self-supporting, at any rate in the early stages? Insurance should be for a period or cycle of years not for any one particular year only—to avoid adverse condition of risks in any one particular year. As few loopholes as possible should be allowed. Crops requiring great deal of personal attention, like horticultural crops, should be avoided. We do not think private enterprise will take up any such work. The State is too centralised an institution. If co-operators are true to the ideals of the movement, and are frank and earnest, they can undertake the task with

the liberal aid of the State to start with. Agriculturists too must submit to some discipline, carry out instructions of technical advisers and not give up caring for a crop the moment they see signs of any decay.

THE INTERNATIONAL AUXILIARY CONFERENCE ON CO-OPERATIVE INSURANCE

A few days before the Meeting of the International Co-operative Congress at Prague, an Auxiliary International Conference on Co-operative Insurance was held at Prague on 25th September 1948. The Conference was presided over by Mr. Dinnage, the General Manager of the Co-operative Insurance Society of England. Representatives from England, Sweden, Norway, Denmark, Belgium, Switzerland, Italy, Poland, Greece, Palestine and Ireland attended the Conference. India was represented by Dewan Bahadur H. L. Kaji, Mr. V. P. Varde, Mr. K. H. Kaji and Mr. B. J. Patel. Dewan Bahadur Kaji emphasized the growth of Co-operative Insurance in India and mentioned the good work that was done by the Bombay Co-operative, South India, Hyderabad and Baroda Societies. He raised the question of re-insurance and wished that the Insurance Committee would consider the problem of re-insurance of risk premiums organised on a co-operative basis and assured them that Indian Co-operative Insurance Societies would support the International Co-operative Re-insurance Pool. Mr. Apel-Qvist of Sweden presented a report on Insurance Nationalisation Trends in various countries. Delegates from Poland, Switzerland, Italy and India took part in the discussion. Professor Kaji stated that in India also there was a movement in favour of nationalisation of insurance. He was of opinion, however, that the State organisation would not be quite satisfactory and that the State should confine its functions to supervision over the investment and expenses on management of Insurance Companies. The conclusion reached by the Conference as adopted in the resolution was as under :—

“The Executive emphasize that in all countries where the Co-operative Movement has liberty and power to establish enterprises in the insurance field and is strong enough to realize the co-operative ideas for the service of the consumers, nationalisation will not be found necessary for the solution of insurance problems, besides perhaps compulsory insurance of the essentially social character, *e.g.*, superannuation and family pensions. Experience has shown that in such services which cater directly for the individual consumers and correspond to needs of individuals and specified groups, co-operation provides a method of operation superior to nationalisation”.

The Conference also appointed a Special Sub-Committee to undertake further investigations into the question of a Re-insurance Pool.

CALCUTTA CO-OPERATIVE MILK SOCIETIES UNION

By

JAMES NIRENDRA KUMMAR BISWAS,

Executive Officer.

The subject of procurement and marketing of milk on co-operative basis cannot make itself free of the various difficulties which not only confronted it at the start but continued to maintain their existence at every stage of the enterprise in some form or other and kept the growth of the movement retarded. The history of the Co-operative Milk Union, since its inception in the year 1917 till to-day will bear ample evidence to that effect but sincere believers in the lofty ethical principles of co-operation as the only means to the economic salvation of the masses have devoted 31 years of their service to this cause to gain varied experiences of and local insight into each and every problem for establishing this particular sphere of co-operative trade on firmer footing and basis.

Procurement.—Co-operative societies organised and placed at convenient distances from the railway stations have milkers and carriers paid out of funds of the societies on commission basis over the quantity handled. Milking is done at the respective houses of members and then taken by the carriers to the nearest railway station or assembling centre on headloads or shoulder slings where the milk is received by a Manager paid by the Union. The milk is received from the members of the societies at 100 tolas per seer and duly entered in the pass books of the members concerned. The Secretary or the Manager of the society keeps similar accounts for each member and prepares challan for making over the total quantity collected to the depot Manager of the Union at 80 tolas per seer. The difference represents the income of the society for its expenses. The Secretary or the Manager of the society gets commission from the Union on the total quantity handled. The depot Manager of the Union at the assembling centre makes a combined challan for milk received from all the societies under his group which shows the lactometer reading and then arranges for its transport to Calcutta.

The system of milking at the village homes of the members affords loopholes for adulteration under compulsion of circumstances and places the most important aspect—milking at the hands of untrained and ill-paid milkers who generally adopt unhygienic and insanitary ways. The production is scattered and on a small scale affording very little chance for maintaining checks on the milkers and collectors in the teeth of unhealthy competition from unscrupulous dealers which exists in the milk trade. Further it is not an easy matter to systematically and efficiently deal with the individual producers.

Milking of the animals by members at central place under the supervision of a paid agent of the Union who can test the milk and keep the

accounts is suggested as a step to counteract the unscrupulous ways of those handling the procurement and collection and to improve the quality of milk—the main spring of the business—by taking off the responsible task of supervising the collection of milk and ensuring good quality from the hands of the commission-paid managers of societies who according to the practice of the present system appear to be paid for their influences in the organisation and running of the societies. An alternative as a compromise between the present system and the one suggested above for procurement and collection of milk is the formation of societies amongst village collectors of milk. Much business acumen and marketing experience are ensured by this, which are lacking in producers co-operative organisations. Once these village merchants can be organised for assembling the produce co-operatively ways and means will not be hard to find to filter down the benefits to the producers.

Transport.—The milk received by the Manager at the assembling centre in sterilised cans of the Union of standard measures is transported by train to Calcutta. The milk is not booked but carried by special men as luggage with their 3rd class tickets. There are different weights allowed under each ticket such as two maunds and one maund ten seers according to the two Railways by which the major transport is made. One man is allowed to carry any quantity of milk so long as he holds the requisite number of tickets. There is no special accommodation for milk in the Railways. Through Railways the milk is not received before the lapse of 5 hours from the actual milking time. At Calcutta the total indent is taken to the dairy where the same is being received as per challans and on verification of the lactometer reading in them. Sample of each group is being kept for chemical analysis but payment is made on the merit of lactometer reading of the dairy.

The gap of five hours between the time of milking and that of receipt in the dairy is too much for milk in tropical climates and both the societies and Unions have the usual burden of sharing a loss every year in respect of milk turning sour on transit during summer. This system of treating milk so late after milking also affects the quality to some extent no doubt. Assembling centres sufficiently far off from the dairy of the Union have crude methods of heating the milk to a certain temperature before despatching the same to extend the durable capacity of the produce. The varied grades of milk assembled together also call for earlier treatment specially when the indent is transported raw in its original condition.

Experience reveals that under any circumstances it is not possible to arrange to bring the milk down to Calcutta earlier when the same is being indented and collected at villages off from the city. The business position of the Union also depends on the distance of the places from which the milk is collected. As the lesser the distance the greater is the chance of ensuring better quality and cheaper rate of procurement.

Arrangement of transport by refrigerated vans of railways should be the proper means for tiding over the above problem and though nothing substantial to that effect came out in the past inspite of all attempts, the conference recently held at Delhi for the planned development of Refrigeration Plant Industry surely holds out bright hopes for a solution of this aspect of the problem in the near future. Otherwise installation of small cooling plants in producing centres is suggested.

Processing.—For the first 2 or 3 years the Co-operative Milk Union Calcutta handled raw milk but since then it has set up a pasteurising plant to process; the temperature of raw milk received in the dairy is raised to 142° F. and then after keeping the same in that condition for half an hour it is rapidly cooled through the surface cooler to a temperature of 50° F in order to destroy the undesirable pathologic and other organisms. In order to prevent re-contamination of pasteurised milk it is filled and sealed in sterilised cans and bottles which are maintained at a suitably low temperature till the milk is consumed. The Union has two steam coil vats of a total capacity of 60 maunds. The bottling at present is done by a hand-operated, four syphoned machine, the automatic being put out of use for non-availability of necessary equipments in the present market.

The main bulk of milk in India is produced and consumed in villages where practically no treatment or processing of milk is done. In cities like Calcutta where the major part of the milk is produced within its own boundary no processing appears necessary but in the case of the Milk Union where major part of the milk comes from a distance, pasteurisation though not required for determining grades like grade 'A' 'TT' as in foreign countries, calls for adequate processing, storage and transport under controlled temperature both for purposes of Public Health and for prolonging the life of milk.

Much stress is not given in Calcutta on processing of milk owing to the lack of public demand for the same and want of encouragement of the Public Health Authorities. In cities like Calcutta greater attention is paid to the price of milk rather than its wholesomeness or purity. Even contract customers of the Calcutta Milk Union which are hospitals call for quotations and go in for cheaper rate be it raw milk or pasteurised. Hence the processing and treatment of milk did not get the same amount of attention as it ought to have received.

But still in view of the fact that the milk of this Union is being indented from far off places and in odd times pasteurisation has been kept up as a necessity for prolonging the life of the produce and it is a problem for the Union to compete with others in price who handle raw milk in the city where no importance is attached to pasteurised milk. Rather it is not looked upon with favour by a certain section of the public on various grounds.

Improved processing of milk is only possible if there is sufficient appreciation for the same and a better price is ensured. There is no chance of the same being ever possible until and unless the Public Health Authorities take steps to popularise and stress the need of taking pasteurised milk to the public in a city like Calcutta.

Distribution and Sales.—All the milk after processing is distributed through delivery men paid on monthly basis. Motor vans are used for delivering heavy quantities whereas small ones are carried in hand carts and cycle vans. Out of 105 maunds of milk handled on an average per day about 25 maunds of milk are bottled and delivered to nearly 1,200 customers at their residences, about 10 to 12 maunds are sold in retail in sealed cans having delivery taps from the stalls of the municipal and other markets of Calcutta and the rest is distributed in bulk in large cans to hospitals, jails, Government Institutions and big hotels. Distribution is done twice a day both morning and evening. The retail price of milk delivered in bottles or loose from the cans is the same at present—14 As. per seer. There are different rates for different customers of bulk milk. The coupon system for depositing the price of milk in advance for bottle customers is in force. System of sale of loose milk is in cash only. The contract customers for bulk milk is charged monthly on credit by bills. The Union maintains a staff for supervising distribution and keeping a check on the quality of milk handled during sales and distribution. All milk issued from dairy either in cans or in bottles are properly sealed with the official stamps of the Union and any tampering with the same by the agents engaged in distribution is seriously dealt with. The price of milk is generally uniform throughout the year and regular standard in quality is attempted to be maintained throughout. Very recently the practice of selling milk by respectable agents and consumers co-operative stores on commission basis has been restarted with sufficient securities and safeguards and the same is working with success.

The practice of distribution through delivery men who in good many cases cannot keep themselves above the unscrupulous ways of tampering with the seals and adulterating the quality for personal gains, is a constant headache for the Management. Strictest check and supervision can never fully succeed where the business volume is great and scattered. Timely distribution by a scheduled time to this huge number of customers also appears difficult where human agency is to be depended upon. Use of small motor vans can counteract this evil to an appreciable extent if introduced wholesale till the moral standard is changed. Much headway towards keeping up a high volume of distribution cannot be made owing to the unsteady supply and variation of the standard of milk supplied which are due to peculiarities existing in the system of production and milking at the sources. To add to this there is a tendency of the public for cheaper milk irrespective of quality. No price or value is given to the processing of milk. The remedies suggested for making supply steady and quality

controlled at the source are introduction of milking under common shed, binding of the societies into contracts to offer a minimum and maximum quality of supply under heavy penalties, practice of receiving both buffaloes' and cows' milk for balancing to some extent the seasonal variations of production and maintenance by the Union of one or two dairies of its own in mofussil. The Corporation and the Public Health Authorities can also come up to educate the public to create a bias for pasteurised milk even if it were a little higher in cost which will be however more than compensated by its greater hygienic and nutritional value.

Management.—The management is vested in a board of directors who are elected at a general meeting of the Union from amongst its members who are societies only. The chairman and the vice-chairman of the board are the leading officials of the Government of West Bengal of the Department of Public Health and are nominated members. The membership of the Union is open to affiliated societies who are its share holders. The Union spends part of its profits through societies on general welfare work i.e., establishing village schools, sinking tube wells, construction of village roads etc. It has also arrangement for giving free services of pedigree bulls for the cows of the members. There are two sub-committees such as Business Sub-committee and Finance Sub-committee to manage the two important sides of the whole show in detail. The Union has no financial help from the Government except the full time service of the Executive Officer for the supervision of the societies and general charge of the Union as in the past. There is also a wholetime Veterinary Inspector for looking after the general welfare of the animals of the members.

DIFFICULTIES IN THE WAY OF EXPANDING BUSINESS AND SUGGESTED REMEDIES

Included in the category of difficulties is the seasonal variation of the supply of milk by the societies where only cows are maintained to the exclusion of buffaloes and also absence of any binding obligation on the societies to maintain a reasonable quota of supply and not to divert any part of the co-operative produce to unscrupulous agents and middlemen. In consequence the Union has to face the problem of having to receive a smaller supply of milk in the dry season and a greater quantity in the flush season that it actually requires. This also necessitates the system of cash purchase of milk at high prices from non-members of the city during the period from September to January to make up the short supply and disposal of the surplus milk of societies at abnormally low rates during the period from April to June. Both the systems involve the Union in losses. Maintenance of one or two dairies by the Union stocked with more buffaloes and less cows is a partial solution of the problem though not a total cure. A minimum daily quantity of supply of milk by societies must be prescribed according to local condition with due respect to seasons and that can to some way balance the business of the Union, the major part of which is under contracts. Any attempt to expand business by forming a greater

number of societies will only make the problem more complicated. There should also be provisions of law to allow skimmed milk to be sold under proper conditions to make it possible for the Union to divert the milk in surplus over demand to by-products like butter and cream. This is done now only on a small scale. The present manufacture of by-products is restricted owing to the absence of an open market in Calcutta for skimmed milk.

Steps may perhaps be taken by the Union to make it possible to bring supply of milk from more distant places but the cost of transport and insistence on the quality tend to force up the price to such a level as to compare unfavourably with local market rates of milk, specially as buyers both big and small have a tendency to go in for cheap quality. The main reason is that adulterated milk commands an extensive sale on account of its cheapness inspite of its being banned by the law. Greater co-operation of the Public Health Authorities is desirable if we are to arrive at a solution. Unless effective measures are taken to prevent the sale of adulterated milk, there is little scope for an organisation like a Co-operative Milk Union to procure good quality milk at reasonable prices and market the same at rates which are not too much for an average customer. Rigid inspection and sampling of milk coming from outside at the various milk markets and licensing of individual traders of milk in the city should be insisted upon.

The additional charge of pasteurisation takes the price of milk over what others sell it for. The system of pasteurisation should be economic to give certain relief to the problem. The existing machinery has outlived its utility and there is too much wastage during the processing of milk. Further the plants do not get their average volume of work throughout the year which they are capable of and that also inflates the processing cost. The public should be induced to learn the value of the use of pasteurised milk and to pay more for it to enable the organisation to improve the system of its plants and machinery for processing. Government patronisation in this respect is very much desirable. Societies in their turn should be under written contracts to supply a minimum quota according to seasons to keep up balanced work for the machinery and to help the Union in the matter of building up a regular business.

Big organisations like a Co-operative Milk Union which handle produce right from the source till it reaches the consumer and have to maintain a standard quality naturally incur higher cost by way of higher rates on procurement, maintenance of hygienic ways of transport, processing and distribution and overhead supervision over all stages of its activities. All these together make it difficult for co-operative organisations to face open competition side by side with others in trade who concentrate more on immediate profits in business than on the other aspects of this particular trade taking full advantage of the abnormal demand being in excess of the supply in a city like Calcutta. Full patronisation from the State and the public can alone remedy this sad state of affairs in respect of this important

dietary article of the nation and keep up, strengthen and encourage the enterprise of the Co-operative Milk Unions which otherwise is bound to languish. Fortunately the problem has already been engaging the attention of the Central Government and some proposals have been mooted which if given effect would pave the way for a more efficient functioning of the Co-operative Milk Unions but the Provincial Governments should also be up and doing and render all possible help to the Unions so that they may be better fitted for their great task of providing nourishment to the generation which is the hope of future India.

Table showing procurement of milk from member societies and from non-members due to seasonal variation of supply at the source,
(in maunds)

Period. October 1947 to September 1948.

		Members.	Non members.	Total
October 1947	...	1,594	1,766	3,360
November 47	...	1,435	1,946	3,381
December 47	.	1,679	1,958	3,637
January 48	...	2,400	1,227	3,627
February 48	...	2,932	308	3,240
March 48	...	3,568	369	3,937
April 48	...	3,662	257	3,919
May 48	...	3,569	205	3,774
June 48	...	3,539	201	3,740
July 48	...	3,362	388	3,750
August 48	..	2,520	1,148	3,668
September 48	...	1,796	1,361	3,157

THE LUCKNOW CO-OPERATIVE MILK SUPPLY UNION

By

GOPAL LAL

Hony. Secretary

The Lucknow Co-operative Milk Supply Union Ltd , was established in March, 1938 with the object of developing the production of milk in rural areas and its collection and distribution, after pasteurisation, for fluid consumption in the city of Lucknow. It aims at making substantial addition to the city's supply by bringing milk from areas, whence it does not come on account of long distance or for climatic and other reasons in a condition fit for human consumption. Therefore it leaves out of its operations areas lying within 10 miles of the city, which are tackled by *dudhas* and other private agencies. At present the Union brings milk from villages situated between 10 to 45 miles of the city on both sides of the Sultanpur and the Sitapur Roads.

The work of the Union is carried on on co-operative lines with a network of societies spread in the area of its operations. In villages which are selected for milk supply, the co-operative milk societies are organised. Until recently the work was confined to the production of milk but now milk societies have been authorised, as an experimental measure, to deal with all development and multipurpose work, so that they may win the goodwill of all inhabitants of villages by catering to their different needs and thereby secure increase in membership and the production of more milk. The affairs of societies are managed by Panchayats which work out the requirements of members in regard to milch cattle and other requisites, see that animals are milked under hygienic conditions etc., at a central place or in groups at two or three places according to the convenience of members and that all utensils are kept properly cleaned. The society employs a Secretary to keep proper accounts of money and other transactions and of milk received from members and supplied to the Union; the *punches* seeing to the distribution of the price of milk, which takes place twice a month. Each member is supplied with a pass book in which all entries about the milk supplied, payments made, loans advanced etc., are made. The society is responsible for the quality and quantity of milk supplied to the Union upto the time of its delivery at the collecting depot concerned. The Union exercises general control over the working of the societies and render all help possible through its staff of Milk Supervisors etc.

Bulls.—Efforts are made to develop the production of milk by the supply of milch cattle and in every other way possible. As milch cattle of this district are of inferior stamp and suffer from being bred from inferior sires, the first requisite for the development of milk production is the

provision of bulls of good pedigree. Murrah bulls are provided for she-buffaloes, but the policy in regard to cow-bulls is undergoing change from time to time. On the advice of the experts of the Animal Husbandry Department bulls of the *Sahiwal*, *Tharparkar* and *Hariana* breeds have been supplied from time to time. *Hariana* bulls have been found to be satisfactory, but experts have now decided again to revert to the supply of *Sahiwal* bulls in this district in spite of the fact that in the past bulls of this breed were considered unsuitable and too heavy for local cows which are of short stature and get hurt when being covered. The policy of experts is still undecided. It will be a good thing if a final decision in regard to the breed of bulls is taken after considering local conditions and carrying out, if necessary, experiments at one of the farms. Further, there is inordinate delay in the supply of bulls by the Animal Husbandry Department to the detriment of milk production, as the cows do not get service when they are in heat. It takes more than a year to get them.

Supply of milch cattle.—Cultivators purchase she buffaloes in preference to cows, with the result that there is a considerable decline in the receipt of milk during the hot weather with consequential financial loss to the Union. The supply of more cows and buffaloes to secure uniform production is therefore a necessity and this is being brought home to members. The supply of cows presents another difficulty. The improvement of the local breed by the provision of bulls of good pedigree will take a long time. Early increase in the production of milk can be secured only by importing cows of good breed from other provinces. In view of this, *Hariana* cows of the Punjab were supplied on two or three occasions, but they are not popular with cultivators, on account of considerable decline in their milk yield due to climatic and other reasons, but chiefly on account of their heavy cost, which ruins a poor cultivator if the animal dies after its supply. Decline in milk can no doubt be attributed to a certain extent to bad feeding and lack of interest in the rearing of these animals, but this can be (and is being) set right by educating the members. The hardship caused by death of costly cows cannot be mitigated, leaving out of consideration a slight relief given by the Union from its Relief Fund, unless *cattle insurance* comes to be established in this country. This matter is under the consideration of the Indian Council of Agricultural Research for some time past, but no tangible result has so far come about. The matter is of paramount importance and should receive the immediate attention of all co-operators. When our Government have practically solved the intricate question of *crop insurance* there is no reason why the difficulties connected with cattle insurance cannot be surmounted. What is required is that a deputation of co-operators in India should press the importance and immediate necessity of cattle insurance on the Hon'ble Minister for Food Production with the Indian Union. It will achieve the result desired in a short time, as the Government itself is very anxious to increase the production of milk in every way possible.

During the triennium ending June 30, 1948, five hundred and forty milch animals, 62 cows and 478 she-buffaloes were supplied to members at a cost of Rs. 1,77,387 of which Rs. 1,68,170 were advanced by Government as interest-free *taqavi* loan and the balance was provided by the Milk Union. The recovery of the cost of animals is made 25 per cent to 50 per cent of the price of milk supplied, but, in the case of *taqavi* loans, realisation can also be made, if necessary, from the proceeds of the Rabi and Kharif crops.

Collection and treatment of milk.—From village societies milk is brought on bicycles to collecting centres, where its lactometer test and temperature are taken and milk below 26 lactometer is rejected. After milk of all societies has been collected, it is sent in its raw condition to Lucknow by a motor truck. On receipt at Lucknow samples are taken and tested at the Laboratory. If milk of any society is not found up to the mark, warnings are issued to officials concerned and such milk is converted into cream. Good milk is heated to 160° or so in a hot water bath, and then cooled on an Aerator machine. With a view to the treatment of milk to the extent of 200 mds. a day and to bring about more efficiency and reduction in the cost of processing, a big pasteurising plant has been ordered from abroad and it is expected during the current year.

Distribution and sale of milk.—Door to door delivery used to be made by roundsmen on their bicycles, but this system is being abandoned as distributors have been found to add water by placing sealed cans in a slanting position and by connecting the outlet of cans with a water tap by a rubber pipe. Bulk of the distribution is now made both in the morning and the evening at sales-depots established in different parts of the city, to which milk is sent in motor trucks at a time when customers are present, thus obviating the chances of adulteration. The supply in bottles is also made by a motor truck which goes round for distribution both in the morning and in the evening.

Turn-over of milk.—The quantity of milk annually handled in the decade ranged from 5,663 mds. to 17,408 mds. or from 15 to 48 mds., a day on the yearly average. Last year the quantity handled amounted to 16,210 mds. or about 45 mds. a day. As the capacity of the present cooling plant is of 50 mds. only it is not possible to make any headway, which will be feasible only when plant of more capacity becomes available.

Management.—The Board of Management of the Union comprises 5 representatives of societies, 2 of consumers, 2 nominees of the Co-operative Department, and 2 persons who may be co-opted by the Board, with the Deputy Commissioner of Lucknow as an ex-officio President—or 12 members in all. The day-to-day administration is carried on by the Executive Committee composed of five members of the Board, of whom two must be representatives of societies. The strength of both these bodies is being raised so as to increase the number of representatives of societies.

Close supervision over the working is exercised by the Registrar, Co-operative Societies, through the Dairy Development Officer and his sub-ordinates.

The career of the Union has so far been checkered and full of experiments in all spheres of its activities. In the beginning societies organised dealt in milk only, but now multipurpose work has come in its purview, though as an experimental measure. Formerly supervisors, who were under the control both of the Milk Union and of Credit Inspectors of the Co-operative Department, used to attend to the Union's organisation etc., in addition to their credit and other work, but now the system of dual control has come to an end and wholetime supervisors carry on all activities under the exclusive control of the Union.

In the beginning milk used to be brought from areas lying between 10 to 15 miles of the city but, on the success of the venture, areas between 10 to 45 miles are now tackled and consequently bicycles and horse conveyances have come to be replaced by motor trucks. At collecting centres milk used to be heated and cooled and the cold milk sent to Lucknow, subsequently hot milk began to be transported to the city, where it was cooled. Now raw milk is brought whereby both the heating and cooling has been centralised at Lucknow. Formerly fat tests by Dr. Gerbers Centrifugal Machine used also to be taken at collecting depots, but this was discontinued. All tests were until recently carried on in the Union's Laboratory at Lucknow. On the introduction of the "Quality Control Scheme" from April 1948 this has also come to an end and all tests are now conducted by Government staff. The change in the system of distribution, referred to above is also the outcome of experience. In short the results of the trials of different methods of handling, treatment transport etc., are valuable and form useful guides for others to follow, without waste of time and loss of money.

Help from Government.—Realising the imperative need of increasing the production of milk, a food of paramount importance to Indians, the Congress Government established this Union when they were in office in 1937-39 and gave a grant of Rs. 25,000 for the purchase of machinery and a motor van. Practically no substantial pecuniary or other help was received during the regime of the Advisory Government. Since the National Government has come to be established, it is most anxious to increase the production of milk all round by giving substantial help. Apart from cattle farms established by the Animal Husbandry Department under the orders of the Government a separate "Dairy Section" has been set up in the Co-operative Department with the requisite gazetted and non-gazetted staff, and on the lines of this Union, co-operative unions have been established at Allahabad, Banaras and Kanpur and are being established at Faizabad, Jhansi, Nainital and Meerut. Substantial help is being given to bring about increase in the production of milk. Accordingly the Lucknow Milk Union is required to speed up its production to 200 mds. a day and, to

help in the organisation and other work, liberal staff has been provided, the cost of which is to be met as follows :—

Year	Cost to be borne by Government	Cost to be met by the Union
First year	Full cost	Nil
2nd. year	Half cost	Half
3rd. year	Quarter cost	Three-fourths
4th. year	Nil.	Full.

Free supply of the pasteurising plant and other equipments of the value of Rs. 1,58,000 will be made, and funds amounting to Rs. 64,000 provided for the construction of milking sheds etc. Roughly about a lakh of rupees will be given for a few years as interest-free taqavi loan for the provision of milch cattle of good breed. All this help is forthcoming from October, 1946.

Profit and Loss.—During the decade beginning from 1938-39 the Union made profit in five years, but suffered losses in the remaining five, with a net loss of Rs. 499 at the end of the decade. The financial position is, therefore, far from satisfactory. The following factors chiefly account for this unsatisfactory position :—

(1) *Small turnover of milk.*—As stated above larger quantity of milk could not be handled owing to the incapacity of the present cooling plant to process more than 50 mds. of milk a day. To prevent pecuniary loss the handling should be at least 75 mds. a day, with a sale of 60 mds. a day.

(2) *Competition with Duddhas.*—This is a serious menace to the interest of the Union. After a great deal of labour, expense etc., the Union develops the production of milk, but, as soon as this comes about, *duddhas* come into the field and, tamper with the loyalty of members by paying a slightly higher price, which they can afford by selling milk adulterated with water or separated milk, and thus snatch away the fruits of the labour of the Union. The remedy lies in resorting to legislation (i) either to reserve a particular area for the operation of co-operative unions, or (ii) to provide that, if 55 per cent of the inhabitants of a village are members of a co-operative milk society; it should be obligatory on the remaining residents to market their milk and milk products through the society. Such an action was taken in Western countries in the beginning to push on milk production and it is understood that the Bombay Government have resorted to such reservation in the Kaira district. Time has come when legislation is called for not only for this, but also for the examination of milch cattle and other kindred matters. Unless such help is forthcoming from Government, no amount of subsidies will place co-operative unions on a solid financial basis.

(3) *Transport from long distance* involves considerable expenditure and pecuniary loss, *unless* the quantity brought is large, or the payment of prices is regulated according to the distance from which milk is transported.

The former has not been achieved owing to the low capacity of the processing plant and the long time taken in development. As regards the latter, it may be stated that organisation in one of the distant areas was started on the condition that purchase of milk will be made at a cheaper rate than that made from a society situated nearer to the Union. The members agreed to this in the beginning but backed out at the time when production became low, when the Union could not afford to lose a drop of milk. The purchase rate is therefore the same irrespective of the distance of a society from the Union.

(4) *Control of Government.*—This is exercised by officers and inspectors of the Dairy Section of the Co-operative Department. In their dealings they lose sight of financial limitations of the Union or take such action as is detrimental to its interest from the business point of view. Under their direction the Laboratory maintained by the Union has been closed from April 1948 and testing is now done in a Government Laboratory under the control of a Co-operative Dairy Officer, who generally rejects milk of less than 5 per cent in fat, which would not have been done by a business concern, specially when the prescribed standard under the U. P. Food Adulteration Act is 3.5 per cent. This and other similar actions amount to interference in the working and the dual control is, therefore, undesirable.

Generally official schemes tend to strengthen the Dairy Section of the Co-operative Department and not only tighten up official control over a union but also deprive it of some of its legitimate powers. It is understood that there is now a move to make posts of Managers of Co-operative Milk Unions as "gazetted appointments." If this comes about, it will make the non-official control merely nominal. It is most desirable that when such schemes are drawn up, non-officials responsible for running the Union and others with experience of milk industry must be consulted. If this is considered undesirable, either the Government should take over complete control of unions and be responsible for their running in all respects, or allow unions full liberty to deal with all matters and confine the duties of the official staff to see that the work goes on right lines and give advice when a change for the better is called for. Only in the latter case non-officials can rightly be held responsible for the solvency and proper running of unions.

(5) *Competition with Government Dairies.*—This Union has also to encounter competition with the Bhadrak Dairy Farm which has been established in this city by the Animal Husbandry Department and is being run as an official concern. It is very difficult for a co-operative organisation to withstand competition. While the co-operative union has to persuade cultivators to take to the production of milk as a subsidiary occupation, to impress on them the importance of proper feeding and rearing of animals and hygienic production of milk, break up their inherent

prejudices and conservatism and to secure compliance of all that is necessary for the proper running of milk societies, no such difficulties face the Government Dairy. This Union experiences difficulties in getting good animals, while the Bhadrak Farm gets bulk of them easily by transfer, from cattle farms of the Animal Husbandry Department. It takes months for us to get bulls of good pedigree, while no such delay occurs in their case. It is easy for them to collect milk of all animals at one place at the time required, while the collection by the Union extends to scattered villages lying in rural areas upto a distance of 40-45 miles from the city. The transport from such long distances costs a lot to the Union, while they do not incur any such expenditure. Long time taken in the transport of milk from far off places brings about sourage of a great quantity of milk, of which the Government Farm is spared owing to its situation in the city. It can afford to spend any amount on the maintenance of the Farm and the payment of the salary of the gazetted and non-gazetted staff; while the Union cannot afford to do. They get priority in the supply of petrol, equipment and other articles which is not available to this Union. The competition arises chiefly in the sale of milk. Hitherto the Farm used to supply milk to high Government officers, but now they have started sale to the public as well. At one time it was contemplated that their sale to the public should be made through this Union and, as a matter of fact this was done for about a month, but was stopped on the shortage of milk due to the advent of hot weather. Now they have opened some sales depots in the city, where they are disposing of their product at a cheaper rate. This will naturally adversely effect the position of this Union.

The comparison above has been made in detail so that co-operators may know the handicaps under which co-operative organisers labour. Nevertheless, there is no cause for despair. We are doing substantial work for the amelioration of the condition of villagers, putting into their coffers at present about $2\frac{1}{2}$ lakhs of rupees a year by marketing their milk, establishment of oil ghanis and other cottage industries and improving their condition in all ways possible. They are also getting practical and wholesome training in the art of self-Government by administering the affairs of their societies on the Panchayat system. The co-operative organisation is doing solid work in a quiet way for the uplift of cultivators at practically no cost, while several Departments of Government, are spending lakhs of rupees on publicity campaigns etc., to achieve the same object.

To sum up—It will be observed in respect of matters other than financial this Union has established its utility. The financial position will also improve and become satisfactory if the suggestions made above are adopted. There is, however, no denying the fact that it is rendering a very useful service both to the rural as well as the urban population and can be regarded as an asset to the country so far as the milk production is concerned.

THE MADRAS CO-OPERATIVE MILK SUPPLY UNION

By

RAO SAHEB K. MUTHUKRISHNA NAIDU,

Additional Joint Registrar of Co-operative Societies, Madras.

"Milk with its products serves as one of the most important sources of food for all civilized nations. The more highly developed and prosperous the people, the greater the amount of milk and dairy products they consume."—Eckles.

The fact that milk is of special value to Indians is evident from the following observations of the Public Health Commission with the Government of India. "In the first place, a large section of the population is wholly vegetarian and the only way of providing the valuable animal proteins is by means of milk and milk products. Secondly, as milk also contains most of the important mineral salts and vitamins, an increase in its consumption will help to correct existing deficiencies in these directions in the Indian diet." Though milk is not an essential article of food as rice or salt, it is equal and, perhaps, more important from the point of view of health. Milk is consumed by all classes of people in some form or other, though in varying quantities. Experiments have proved that the addition of a supplement of 1 lb of whole milk per day to the ordinary diet of boys has resulted in an increase in their weight and height. This 'most important food known to mankind' for various reasons, has, of late, become scarce in India. Statistics show that India possesses about a third of the world's cattle population. The total output of milk in India is about 800 million maunds and she is the 2nd in the volume of production, next to the U. S. A. The production per capita, however, is far below the other countries—it being only 5 oz. of milk.

While the general position of milk in the country is such, the problem of its production and supply is one of the most complex problems whether in town or village. Although there are many aspects to this problem, it is primarily an economic one and if viewed even from this aspect alone, it bristles with several difficulties, particularly in urban areas. In towns, only men of limited means own the majority of animals. They are distributors as well as producers. Accommodation being scarce and rent heavy, they cannot afford to provide more space and better sanitary conditions for the cattle; they are tied together in congested and insanitary conditions. To ensure clean and wholesome milk, the animals must be kept under the best possible hygienic conditions. It is difficult for the Corporation with its limited staff to supervise effectively the large number of cattle scattered throughout the cities, nor provide them with better accommodation facilities at different centres in its present financial position. In rural parts, the production of milk is carried on in small units and in scattered homesteads. It is not an industry by itself, but only a side line of agriculture. The

average production of milk per day in a village in this province is about 10 measures and it is about 20 measures per sq. mile. Much difficulty is experienced in collecting these small quantities of milk produced in individual homesteads scattered in several villages. Moreover, it is highly perishable. Unless it is used or consumed within a few hours, it becomes unsuitable and dangerous to consume.

Dairying, on the whole, is not a remunerative industry so far as this Province is concerned. Poor quality of the breed and poorer variety of available cattle feed are mostly responsible for the pitiable performance of these animals at the pail. Deficiency in quantity is made good by adulteration and an honest dairy-man has to run a race with the widespread malpractices and in the end gets the knock. The price of milk is high in comparison with the low income and purchasing power of the consuming public. Private individuals hesitate to establish dairy farms for fear of losing their capital.

In the present context of affairs it may be possible to take up the industry only with Government assistance. And the most suitable agency for tackling the problem would be the co-operative organisation composed of owners of milk animals. The co-operative organisation ensures not only a fair return to the producers, but also the supply of milk to the consumers at a lesser cost by reducing the number of intermediaries. There still exists a doubt in some quarters as to the suitability of co-operative organisations undertaking the milk supply in urban areas. Though it is a fact that milk trade has not been organised in its entirety in any particular area, there are many instances to show that co-operative institutions, where they are functioning are able to bring about definite improvement in the milk trade in their particular area of operation and the Madras Milk Supply Union is a conspicuous example of such success in the City of Madras.

The Madras Co-operative Milk Supply Union is the biggest single organisation handling very large quantities of milk in the city. The Union was started in December 1927, and has as its main object the purchase and disposal of milk and milk products of its members, handled under sanitary conditions at reasonable rates to the residents of Madras. It has other objects too, namely to establish a model dairy farm and a modern dairy plant for pasteurising milk, to own or lease pasture lands and maintain dry animals of members and supply cattle feed and other commodities at reasonable rates. The Union had at first 14 societies and 15 individuals as its members. The quantity of milk sold to members during the first year was 17,408 Madras measures. Since then, there has been a steady increase in its business and at present it handles about 5,000 measures a day.

The Union had, of course, its vicissitudes, arising partly out of the indifference of consumers and partly out of the disloyalty of the milkmen-members, who did not know what was good for them and were easily misled by persons who had their own vested interests in the milk trade. In the

year 1929-30, the Union undertook the supply of milk to some of the State Hospitals also. Though the supply was made regularly for the first few months, it had to stop later for some time, owing to the disloyalty of its members engineered by outside agencies. The milkmen struck work for a few days. As a result, the Union had to pay damages to the extent of Rs. 17,000 to Government. But thanks largely to the indomitable energy, patience and perseverance of the founders and the support of the Registrar and the positive encouragement by Government, the Union was able to tide over the difficulties and establish itself even more firmly than before. In the *Report on the Marketing of Milk* in India and Burma, it was estimated that in 1938-39 the Madras Co-operative Milk Supply Union handled 6.9 per cent of the total quantity of market milk in the city, while the Calcutta Union started eight years earlier, handled only 1.8 per cent of the milk business of that city. There was no other co-operative organisation anywhere else in India which handled milk as much as these two Unions.

The progress made by the Madras Union during the last five years is given below :—

—	1942-43	1943-44	1944-45	1945-46	1946-47
No. of member societies	38	50	88	168	165
Paid up share capital Rs.	26,754	27,679	38,749	86,682	89,674
Quantity of Milk produced (M.M.)	6,76,855	5,60,980	12,24,772	23,35,706	23,39,236
Quantity of milk sold (M.M.) ...	6,46,029	5,48,060	11,75,262	21,93,833	22,73,136
Sale proceeds realised Rs.	3,67,912	3,81,150	11,86,756	23,58,796	24,68,865
Net profits Rs.	399		42,951	25,021	16,388

M.M. Madras Measure = 4 lbs of milk.

The Madras Milk Supply Union has at present its own buildings at Ayanavaram within the extended limits of the Madras Corporation. It is situated on a site extending over nearly 11 acres. The members are permitted to station their animals in the cattle yard constructed on the site. Nearly one hundred animals are stationed there at present. There is also a fly-proof shed as well as a store-house for cattle feed; and a spacious milking yard also is provided to milk animals. There is accommodation for 50 more animals to be stationed on the Union's premises, which can be utilised, if for any reason the Milk Supply Union should think of owning animals itself so that it can have its own source of supply, instead of depending entirely on the milkmen. In the course of its working it found that pasteurisation was necessary for two reasons—to supply disease-free milk to the public and to avoid milking the animals at untimely hours,

which caused trouble and inconvenience to the milkmen and to the animals. With the help of the Madras Government loan of Rs. 25,000 and its own resources, it erected a pasteurising plant at a total cost of about a lakh of rupees. From the year 1939, the Union has been supplying pasteurised milk. It is estimated that the average cost of pasteurising the milk is at present above 12½ pies a measure.

The installation of pasteurisation plant emboldened the Union to draw its supply of milk from the adjoining Chingleput District in villages all around the city of Madras to a larger extent. There are about 80 such feeder societies affiliated to the Union which supply milk to it. The average daily supply of milk from these feeder societies amounts to about 2,750 Madras Measures. The milking is done under the supervision of the societies' directors or the paid staff. Milking in villages is done at one central place mostly in sheds constructed for the purpose. The Union pays for milk to the feeder societies at Re. 1-1-0 per Madras Measure. The societies keep a margin of three to six pies per Madras Measure for meeting contingent charges, small remuneration to office bearers of the societies etc., and the balance is passed on to the members who supply the milk.

The Milk Supply Union affords many facilities to its constituent societies and members thereof. It supplies to the members of milk supply societies cattle-feed upto 75 per cent of the value of milk supplied by them. They are also given interest-free loans provided by Government for the purchase of milch animals.

The Union further extended its activities by undertaking supply of milk to State Hospitals in 1929-30. Since then the Union has every year been given contracts for the supply of milk to a few more Hospitals. It is at present supplying milk to all the eight State Hospitals in the city to the extent of 4,800 lbs. daily. Facilities for stationing animals and providing water for them etc., have been afforded in the Stanley Hospital, Royapuram Hospital, the Mental Hospital at Purasawalkam, the T. B. Hospital at Royapettah and the Victoria Caste and Gosha Hospital at Triplicane. The Hospital authorities are satisfied with the milk supplied by the Union, and the Union is thus rendering useful service to those who are in need of good and clean milk for nourishment and recoupment.

But the Union's service in other fields would pale into insignificance when compared with its heroic efforts, during the critical period of the last war, when professional milkmen fled the city on account of bombardment scare, by supplying about 8,000 lbs. of milk a day to the army units stationed in Madras, St. Thomas Mount and Avadi. The army no doubt provided liberal facilities to the Union to enable them to undertake the supply, by way of provision of free transport through military lorries, giving interest-free advance of Rs. 2-40 lakhs for issuing loans to the suppliers for purchase of milch animals, provision of milk-cans, heaters etc.,

and employment of staff for supervision, free of cost. The Union on the whole supplied to the army 52 lakhs of pounds of milk valued at Rs. 13 lakhs. Several officers of the army visited the Union during the period and appreciated the valuable services rendered by the Union at a critical period.

In April 1945, with a view to augment supply of milk to civil population in the city, the Government introduced a scheme for increasing milk supplies by extending the activities of the Madras Milk Supply Union. Under this scheme about 50 new feeder societies were formed in the Chingleput District for supplying milk to the city, and 6 feeder societies were also formed in the city. The Union arranges to transport the milk from these centres to its factory at Ayanavaram through its own lorries and distributes it to the public after pasteurising it. Interest-free loans have been provided by Government for purchase of milch animals of the members. During each of the years 1945-46 to 1947-48, loans to the extent of about Rs. 2 lakhs have been disbursed to the members of the feeder societies through the Union. Government have also sanctioned a loan of Rs. 50,000 for purchase of motor vans by the Union for transport of milk. A special staff of one Co-operative Sub-Registrar, 5 Senior Inspectors and 6 Junior Inspectors have also been employed at Government cost for supervising of milk supply societies, and increasing production in them. In order to render prompt veterinary aid to the animals maintained by the members, Government have appointed a District Veterinary Officer exclusively for the Union. He has under his control 3 Veterinary First Aid posts at Basin Bridge, Ayanavaram and St. Thomas Mount, each of which is in charge of a stock-man compounder ; a mobile veterinary unit to rush aid to the villages in case of outbreak of disease etc , is also in charge of the District Veterinary Officer. When the animals purchased by members from Government loans die on account of contagious diseases Government have also agreed to grant waiver to members to the extent of loans outstanding against them at the time of death of the animals. With the extension of these facilities, the Union has been able to increase its production from about 3,000 measures at the end of 1944 to about 5,200 measures at present. Apart from supplying about 1,100 measures of milk to the State Hospitals, the Union distributes about 3,500 Madras Measures of milk to the public through depots and cycle delivery boys. The value of milk and milk products sold by it during the year ended 31-3-48 amounted to Rs. 14.85 lakhs. The Madras Milk Supply Union is thus creditably fulfilling its main object of supplying purer and unadulterated pasteurised milk to the city population at reasonable rates, providing constituent feeder societies with interest free loans to buy milch animals, cattle-feeds at concessional rates and motor transport and necessary staff to supervise milking operations at common milking yards in the villages.

To fulfil other objects envisaged in the bylaws, it is running a Model Dairy Farm at Government House, Guindy. It bought up all the heifers and bulls once property of the Government House with all the dairy

equipments on the condition that the dairy requirements of His Excellency would be catered by them. All the animals are of Sindhi pure breed. Under arrangement with the Military Secretary to His Excellency, the Union is provided with cattle-sheds, grazing facilities, and farm yards within the Government House. Efforts are on foot to grow fodder on 30 acres specifically granted to the Union for the purpose.

To create emulation among the members of its constituent societies to maintain best milkers and to feed the animals well to yield more milk, Milk Recording Scheme was recently introduced in many of its affiliated societies. This is a small research wing as it were of the larger milk scheme by which the effects of change in diet and the environments on the concerned animals are studied and special care is taken to further improve the breed of such animals whose performance at the pail was best as per the records and the owners of which consequently are awarded prizes for which Government also grant a subsidy.

To make the picture complete in all details as well as to salvage many unfortunate animals who are done away with before they attain their peak lactation period by the greedy milkmen who could not maintain dry animals at tremendous cost in the city, salvage farm for dry buffaloes at Vattambedu is being run under its auspices. A plot of lands of 700 acres is taken on long lease for grazing. The dry animals are gathered at a central place in the city, kept under observation for a few days and protected by inoculation and sent to that village which is about 53 miles from Madras. A stockman—compounder and a Senior Inspector of Co-operative Societies are in immediate charge of the scheme. A good stud to serve these animals is on the farm. The owners are charged a small fee out of which the lease for the land is paid. The ryots of the village are entrusted with the animals at the rate of five for each ryot. For looking after the animals, they are paid a few rupees out of the Salvage fee every month and when they return the cattle after calving they are paid balance of the fee due to them.

This comprehensive and all-round functions and duties of a typical Milk Supply Organisation is being copied by other Unions in other cities all over the presidency bespeaking better prospects in near future not merely to milk supply problem but also to the regeneration of cattle wealth of our country.

Additional machinery had been set up in the Madras Government Milk Factory in order to increase the output of reconstituted milk from about 1,125 measures to about 3,125 measures per day. It is stated that it was the intention of those in charge of the factory to make the increased supply available to all at reasonable price. Of the quantity now produced by the factory about 850 measures are being supplied to the city hospitals, 150 measures to the branches of the T.U.C.S. and the rest to certain residential institutions and individuals. The price per Madras Measure (4 lbs.) is only As. 14.

THE COIMBATORE MILK SUPPLY UNION

By

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Coimbatore has been in the forefront of the co-operative movement, such as it is, in the Madras Province. It has distinguished itself in running sound rural credit societies, land mortgage banks, store societies, sale societies, etc., aided by a strong district bank. Twelve years ago it was induced to take up the supply of milk produced in and around Coimbatore to consumers in the city and suburbs. It was organised essentially in the interests of producers, as the other milk supply societies were, but it has helped consumers as well.

Coimbatore is a growing city, though it has not yet the population of Madura and Trichy. But its rate of growth is faster. Textile and other industries are growing—thanks to the spread of hydro-electric power from Pykara. It produces the finest cotton, sugarcane and groundnut in the Province—which are the raw materials for industries. It is a growing educational centre with Colleges in Arts, Sciences, Forestry and Engineering. There is a growing demand for milk and milk products, not only from the soft handed classes but from manual workers as well, who are paid higher wages here than in most other districts.

But the milch animals of Coimbatore, cows and buffaloes, are by no means reputed for milk yield, as, for instance, the Ongole cows and Guntur buffaloes are. The Kangayam breed is noted for draft and not milk, though a scheme is worked for the increase of milk yield in Kangayam cows. Cross-bred cows are far too few, and there is only a sprinkling of Scindhi cows kept by a few rich men. This is not a favourable condition for the co-operative supply of milk.

In accordance with the policy of organising milk-supply unions in the big towns of the Province, the Coimbatore Milk Supply Union was organised, 12 years ago, by the late Mr. T.L.R. Chandran, I.C.S., Additional Joint Registrar of Co-operative Societies, Madras, though unfortunately he did not live long enough to see its striking progress. The burst of the World War II gave a great fillip to the growth of the Union. As the war went on, especially after 1941, there was a growing demand for milk and cream and butter from the European refugee population, the armed forces of the Army, the Navy and the Air, stationed or resting in or near Coimbatore. Several pockets of surplus production of milk were discovered at 30 to 50 miles of distance from the city, from which quantities of milk were pooled and taken to the Union and then distributed, all by military vans. Producers of milk tempted by high prices began to milk their cows more than they used to do, while formerly calves, especially in breeding areas,

were allowed to take most of the milk. A number of private small creameries were set up in villages near Coimbatore and some other towns, for the export of cream while the skimmed milk was absorbed in the urban coffee and tea shops or converted into curds and sold.

The Coimbatore Milk Supply Union has at present as many as 26 milk supply societies in the district affiliated to it. It had only seven societies before 1942, and all of them were within a distance of 7 miles. Since then seven more have been started within a distance of 12 miles from the Union, which it is possible to reach by a bullock cart or jutka. But twelve more have been organised at far greater distances—even 30 and 50 miles. Some of these were centres of pooling of milk to meet the military demand. Half a dozen of them operated as independent supply societies catering to the local urban population—Tiruppur, Dharapuram, Udamalpet, Palladam, Avanashi, Pollachi. These societies, required guidance and finance in the early stages, but still choose to be affiliated to the Union though no milk is supplied to it. Six out of the 26 societies are said to be dormant. Some of the distant societies have a small membership and very low share capital.

The Union has only 25 individual members, most of them connected with the organization from the inception. There are more businessmen, bankers and industrialists than producers of milk among them; some of them have been long connected with the leading co-operative institutions. The member societies send each a representative to the General Body of the Union. The Board of Directors is composed of 15 elected members from among individuals and societies. The Board elects an Executive Committee of seven to decide matters of administrative detail.

The Union has a paid up share capital of nearly Rs. 20,000, the authorised share capital being Rs. 30,000 with 3,000 shares of Rs. 10 each which is rather too low for the Union. Of the affiliated societies 5 have more than Rs. 3,000 each of paid up share capital, 3 have between Rs. 2,000 and Rs. 3,000, 4 have between Rs. 1,000 and 2,000. The rest have below Rs. 1,000; 7 of them have below Rs. 500.

The daily average supply of milk by the societies to the Union exceeds 1,000 lb. only in two societies nearby the Union; they have 3 to 4 sub-centres. The other societies, leaving aside the distant independent societies, contribute from 115 lb. to 390 lb., to the Union per day. Altogether the Union's daily average receipt of milk amounts to 5,000 lb. excluding the supply of milk to the Forces, which varied from 5,000 lb. in March 1944 to 15,000 lb. in March 1946, which was all entrusted to some distant societies, where from it was carried in military vans over a distance of 30 to 50 miles. This was done, it is stated, with a view not to affect the civilian consumers of the city and suburbs. Previously more cows' milk was left to the calves to consume or more butter was made of she-buffaloes' milk as there was little demand for milk as such in those

localities. At present it is not clear what use is made of all such milk. The war years were years of very strenuous work for the management and staff of the Union and of some of the societies who were hard put to it to meet the heavy demand.

Animals are brought to the milking shed by members between 3 and 4 a.m. and between 3 and 4 p.m. for being milked in the presence of an employee of the society, who measures the milk and puts it in two cans—cows and buffaloes milk separately, seals them and sends them to the Union in a bullock cart or jutka. From the more distant societies, the motor vans of the Union collect them. The distributing clerk in the Union measures all the milk received and acknowledges receipt. Then begins distribution by means of delivery boys, 28 in number, who are paid each a salary of Rs. 12 to Rs. 23 according to years of service plus a dearness allowance of Rs. 18 and a cycle allowance of Rs. 8 per month.

The total supply of milk to domestic consumers, delivered at their doors, ranges from 3,500 to 4,000 lb. per day. The Jail, Hospitals, Hostels, Mill Canteens, Railway Refreshment Room, etc., are taking in all about 1,500 lb. per day. On the whole the civilian population get between 5,000 and 6,000 lb. The Union caters at the most to 2,000 families in a city where there may be at present about 40,000 families.

The rest of the domestic consumers get their milk from small producer-vendors, who have to walk long distances, carrying milk in vessels placed in a small basket and sell at slightly lower prices than the Union, with some adulteration of course. Another system has grown up in recent years of vendors on cycles purchasing milk in villages from small producers, adulterating it liberally and taking it in cans on cycles, each to a small clientele of purchasers with no guarantee of quality, but at cheaper rates.

Prices paid by societies for milk supplied by members vary with the distance of the society from the city. They range from 3 annas to 4 annas per pound. Societies supply milk to the Union at rates ranging from 3 annas to 4 annas 2 pies, transport charges being borne by the Union where prices are lower.

The Union sells milk to domestic consumers at 4 annas $7\frac{1}{2}$ pies per pound and charges a little more or less to institutions. The Union's margin between buying and selling rates is at least 6 pies per lb. It is out of this margin that it has to meet the heavy establishment charges which amount to Rs. 3,500 per month. Transport by motor vans costs nearly Rs. 1,500.

Prices paid for milk and charged for it were much lower before 1943, but they had to be raised gradually, and the price is still at the high level of 4 annas $7\frac{1}{2}$ pies. Some reduction seems to be contemplated. The cost of production of milk has gone up on account of the rise in prices of all feeding stuffs and of wages of labour as may be seen in the table :

Prices of cattle feeding stuffs.	Unit	1941	1942	1943	1944	1945	1946	1947	1948
		A. P.	A. P.	A. P.	A. P.	A. P.	A. P.	A. P.	A. P.
Cotton seed ...	1 viss	1 2	2 2	2 5	4 10	...	7 0	6 9	7 3
Groundnut oil cake...	"	0 11	1 10	1 11	2 9	...	...	2 2	4 6
Cocoonut oil cake ...	"	1 8	2 10	2 11	4 6	...	9 3	4 8	5 0
Rice bran ...	1 MM	0 2	0 4	0 5	0 11	...	1 5	1 4	1 0
Cholam straw ...	One bundle of 12 lb. roughly.	1 0	1 9	1 7	2 5	...	5 4	3 7	3 8
Prices charged by the Union for milk to the consumers ...	Per lb.	1 6	1 9	2 3 to 2 6	2 9 to 3 0	3 3 to 3 9	4 0 to 4 3	4 3 to 4 9	4 7½

A great difficulty is experienced by the Union, and to some extent by the societies too, on account of the marked fluctuations in the supply of milk in the course of the year. There is the flush season between October and March, when there is ample yield of milk, and there is the slack season between March and September, when the supply is far short of the demand. The supply to the Union ranges between 5,000 lb. in the slack season and 7,500 lb. in the flush season. The deficient supply causes serious loss to the Union by the conversion of excess milk into butter and ghee (20 lb. of milk purchased at 4 annas a pound can yield only 1 lb. of ghee valued at Rs. 2-8-0). If the Union fixes a quota of supply to societies, it is simply shifting on the burden to them. In the flush season, a new temporary clientele will have to be found, while in the slack season a temporary source of supply will have to be found.

No wonder the Union which earned high profits amounting to Rs. 1,40,000 in 1943-1946, has sustained losses recently after the termination of supplies to the armed forces—not being able to find, all of a sudden, sale for the excessive supply of milk, though not all the members of societies, numbering 4,270, are loyal. They are tempted to sell to vendors who go to their doors on bykes and pay nearly the same prices or even higher, and make up by adulteration. The hours of milking in the morning are far too early and not all would take their animals in the chill hours.

The producers no doubt realise certain benefits in dealing with the society and the Union. They stand no risk of loss whatsoever in selling the milk co-operatively rather than to private individuals. They are paid regularly and according to correct measures. They are given loans free of interest by the Government or at low rates by the Coimbatore (Dt.) Central

Bank for purchasing milch animals, which they can repay in instalments or by deductions from the sale proceeds of milk supplied. It would be better if members were enabled to go in for superior milch animals, such as Scindhi cows or Murrah buffaloes. The Union used to purchase groundnut cake from the Department of Agriculture and sell the same to members through their societies, at control prices. Other feeding stuffs like cottonseed were sometimes purchased and sold. The Union has been running a milk-recording scheme in two centres where milch animals of members have their milk yield recorded and certificates issued of their yield. There is a buffalo improvement scheme at Senjeri, 25 miles from the city, where the local buffaloes are graded up for which a few selected stud bulls are kept in the local society. In the Union office compound two Scindhi stud bulls are available for the service of cows of members. An attempt was made by the Union to run a sewage farm for growing succulent grasses, which, however, turned out to be a failure.

Consumers of milk supplied by the Union do not complain of the quality of milk nor suspect its purity ; but they do complain of the late hours at which milk is delivered, especially in the morning. But delivery boys have to cover each a large area and some amount of delay appears to be inevitable in a centralised institution. Whether pasteurisation or any other treatment of milk will satisfy consumers or create fresh prejudice against milk is a matter for consideration. The fundamental difficulty, we believe, is the high price charged for milk which many consumers cannot pay. They prefer to go in for cheaper milk, which they know is inferior. Any steps that will reduce the cost of production and conveyance of milk—breeding of better cows and buffaloes, growing of more succulent fodder, removal of milch animals beyond city limits and conveying all milk in motor vans on improved roads—will help to popularise co-operative supply of milk. But these cannot be accomplished except in the course of several years. Quicker results may follow a fall in the price of milk, which cannot be effected without a fall in the general level of prices.

THE TELANKHERI DAIRY SOCIETY, NAGPUR

By

C. J. JOHN, I.D.D.

The present Society is an outcome of the amalgamation in 1922 of two primary Gaoli Co-operative Societies which were in existence since 1913.

Location :—The society is situated at the Government Dairy Farm Telankheri, about three miles away from the Nagpur City. The residential buildings, cattle sheds, godowns dairy buildings etc., are all the property of the Government. These together with grazing area measuring 980 acres have been taken on lease from the Government at the rate of Rs. 3,552 per year. In addition, the society has its own five cattle sheds and one godown for storing concentrates and about 9 acres of land at village Dabha, which is about 2 miles from the Dairy premises, for growing fodder.

In this area the society is permitted to keep 550 adult cattle. Because of this limitation of space, it was not possible to increase membership in the past. In the new set of bye-laws it is envisaged to open cattle sheds and working centres in different localities.

Membership :—The membership of the society is at present 30. All these are individual members. Before 28-9-48, only individuals dealing in milk and its products or interested in cattle breeding and dairying and who agreed to keep their milch animals at the Telankheri Dairy Farm could become members of the society ; but as per new bye-laws, recently registered, both individual and dairy societies, owning milch cattle and reside in the area of operation of the society (which extends over the whole of Nagpur District) can become its members. So far, however, no dairy society has joined the membership.

Share Capital :—The society has a paid-up share capital of Rs 8,537. A share is of the value of Rs. 100. No member can hold more than 10 shares. It was an unlimited liability society till 28-9-48 when it was converted into a limited liability society. The liability is now limited to three times the face value of shares held by a member.

Cattle :—Out of 29 members on roll, 24 kept their cattle in the Dairy as shown below on 30-6-48 :—

Milch.		Dry.		Young Stock.	Total.
Buff.	Cows.	Buff.	Cows.		
104	141	67	117	133	562

The society maintained at its own cost 2 buffalo breeding bulls of Nagpur Breed, 5 breeding bulls of Sahiwal Breed supplied by the Government, and 1 buffalo breeding bull of Murrah Breed owned by Shri U. P. Kataria, Joint Secretary. The Government bulls are given free of cost to

the society. Free services of all these bulls are made available for the cattle of the members.

Working of the Society:—Milk Business:—Every day in the morning and in the afternoon milch cattle are brought into a fenced area for milking. At the first bell the servants enter this area with their milking pails which are carefully examined at the gate. The hands of the servants are also examined at the entrance. Actual milking starts at the stroke of the second bell. The staff of the society and of the Government Farm, Telankheri, go round the pen for supervision, when milking is in progress. The milk of each member is then weighed and taken over by the society. It is then sent out all over the Nagpur City in sealed cans on cycles, rickshaws, etc., through the distributors and supplied to coupon-holders and to Government and private big Hospitals. The delivery is made through taps provided in the cans and the seal of the can is inspected when the distributor returns to the dairy after delivering the milk. Milk products such as cream, table-butter, and ghee are made out of surplus milk.

Besides purchasing milk from its members, (4,48,274 lbs.) the society purchases milk from non-members also (1,75,000 lbs). The society sold 4,19,000 lbs of milk and milk products; cream 344 lbs; butter 746 lbs and ghee 2,931 lbs. The rate of purchasing milk was only 5 as. 3 pies per seer on 1st July 1947. It was raised to 10 as. from 1st Sept. '47. Milk was sold at 6 as. per seer on the 1st July 1947 and it was raised to 12 as. per seer on the 1st Sept. 1947.

Manure:—The society provides free housing accommodation to the cattle of members and takes droppings of animals in return. The droppings are collected and stored in pits and then sold to public as fertilizer. Three carts, six bullocks and three cartmen are maintained for transport of manure to the places of customers for which reasonable transport charges are recovered. The society collected and sold manure to the extent of Rs. 6,247 in 1947-48.

Feeds and Fodder:—Besides 980 acres of grazing area available from the Government under lease arrangements referred to above, the society takes on lease grass reserves either from the Government or from the Nagpur Municipality during summer months. The members are charged As. 8 per month per adult animal as grazing fees, and the grass obtained from the grass reserves is supplied to members according to their requirements after charging nominal profits on cost price. Surplus grass in the municipal grass reserves is sold to non-members at reasonable profits. The society maintains two trucks for grass transport work. Out of these one has been recently disposed of for being replaced by a better one.

Food Depot:—The society purchases cattle feeds such as oilcakes, cotton seeds, chuni, wheat bran, rice bran etc., in bulk in proper season and supplies them to the members every week according to their requirements.

It charges half an anna per rupee as profit on this business. The business transacted under this head was as below :

	1946—1947.	1947—1948.
Purchases	Rs. 58,109	Rs. 63,755
Sales	„ 75,582	

The milk is purchased on credit every day and the supplies of feeds and fodder are also made on credit to members every week. These accounts of credit purchases and sales are settled in the meeting every month.

Reserve Fund and Profits :—The Reserve Fund as on 30-6-48 amounted to Rs. 15,325. The balance is distributed amongst the members by way of dividend on their shares and rebate according to the quantity of the milk supplied. Dividend was paid at 6 per cent upto 1944-'45. For subsequent years it is yet to be declared.

Management :—The affairs of the society are managed by a Managing Committee consisting of nine members including the Registrar, Co-operative Societies or his nominee and the Director of Veterinary Services or his nominee. The Secretary is also the Manager of the society.

General :—Recently the Provincial Government has sanctioned a loan of Rs. 40,000 to the society, out of which Rs. 10,000 is for running a Cattle Feed Depot and Rs. 30,000 for advancing loans to the members for purchase of cattle. This will help the society in expanding its business and in increasing milk supply to the City of Nagpur.

The society has been a principal source of milk supply to the public of Nagpur City for nearly three decades and has, during this period, built a sound business reputation. The members have served the society faithfully and with devotion. The Government has also been ever helpful, without which it would not have been possible for the society to reach its present stage of development. The management has been ever anxious to ensure cheap and pure supply of milk to the public with due regard to the financial condition of its members. But they now feel that both in the interest of public and its members, the society should have its own buildings and lands for the housing and grazing of its animals. It is hoped that the society would be able to achieve this object in the near future.

The Sixth 'Agmark' Ghee Conference which met at Delhi on the 21st September adopted a number of resolutions dealing with arrangements for enforcing correct specifications, penalties for adulteration, extention of grading schemes, organisation of producers' co-operatives and the need for improved methods of manufacture and storage of ghee. Among the important resolutions adopted one requested the Provincial and State Governments to take steps to organise the primary producers of ghee into co-operative production and sale societies, who should be encouraged to take up grading of ghee under the Agmark.

CO-OPERATIVE MILK SUPPLY IN MYSORE STATE

By

Y. SRINIVASAYYA

Though consumer co-operative movement in the Mysore State is functioning ever since the introduction of co-operation into the State in the year 1905, and most of the household requirements of the middle classes both in the food and clothes, especially in urban areas, are to some extent supplied by these stores, the attempt to collect and distribute pure milk in the cities is very feeble indeed. One of the reasons for this apparent failure is that there are not many cities of large population such as Madras, Calcutta, Coimbatore, etc., except Bangalore, which have a large proportion of industrial population; who must buy their milk and cannot keep cows of their own. Many families in the towns of the province keep their own milch cattle and are self-dependent. There are a large number of milk vendors who go to the houses of people and milch in the presence of the buyers. Those who necessarily buy milk, get it locally, and the imported milk goes to a substantial extent to the hotels but not to families.

There is a society in Bangalore city called the Kamadhenu Co-operative Society, Ltd. Its object is to market the milk which the members of the society who are all keepers of cattle, get from their cows or buffaloes. The members are also given loans to meet their requirements and the society sells to them fodder and cotton seeds also. Its attempts to collect the milk supplied by its members and distribute it in retail have been repeatedly unsuccessful except when its tender is accepted by the Hospitals of the place. Its tender has been recently accepted once again by two of the very big Hospitals of the city. 300 cows are taken every day by the members to the Hospitals, and their product amounting to 1,600 seers of milk (Mysore Measure) is supplied every day. The monthly bill amounts to Rs. 20,000 now. The owners of these cows get value in proportion to the yield of milk of their cows less society's commission. There is a cattle feed co-operative society in Bangalore whose object is solely to supply cattle feed to its members. There are about 300 members to whom fodder worth about Rs. 6,500 a month is being sold by the society.

There is another society which is registered under the Societies Act, but not under the Co-operative Societies Act. It is called the Bangalore Dairy Cattle Society Ltd. It is intended to convert it into a Co-operative Society if the society, works successfully. Its object is to look after the condition of the cattle kept by the householders, by levying a monthly contribution of one rupee. A man qualified in veterinary science attends to the cattle once a week, and gives directions to the owner when the animal is not well. This Society has secured a plot of 80 acres of dry land near the southern border of Bangalore city to serve both the purpose of a grazing ground to the cattle as well as a field to raise special fodder crops. Its object and system of work have been appreciated by the Government also, who have also started a similar organisation in Bangalore city, which

is granted an extensive plot of ground near Hessarghatta towards the north of Bangalore city about 8 miles off. The Mysore Government have an idea of sanctioning 8 lakhs of rupees to develop this scheme which they have recently organised.

There is very little of co-operative marketing of agricultural products in the Mysore State and until that aspect of co-operation develops there are not bright chances of co-operative milk trade. The hotel keepers who often get their milk from a distance of even 30 or 40 miles are not conspicuous for their fair treatment of the poor village agent who collects the milk and supplies them. The hotels are so many and so widespread that there is not a village of a decent size which has not got a hotel of its own now, are the biggest consumers of milk and there is a wide field for co-operators to collect marketable milk in each village and send it to the hotels through their co-operative societies. The number of hands required to work efficiently is so great that it requires a very large-scale organisation if it has to succeed on business lines. Even in towns, as it is very costly for a society to undertake house to house delivery of the milk to each customer, and the people cannot be expected to change suddenly their habit of receiving milk at their homes, the chances of successful retail trade in milk on co-operative lines even in the cities of Bangalore and Mysore are not very bright. The economic conditions of most of the house-holders who are in these areas are so delicately poised, that most of them are not able to venture to face increase of cost of goods, even in consideration of superiority of service or quality. Recently a village co-operative society situated in an area which supplies butter for export to urban areas has been financially helped by the Government to collect butter in the locality and send it to urban consumer societies for distribution. The society finds that if it sells in the cities at competitive rates, it cannot give to the butter seller in the village, the local ruling rate; if it pays him the local ruling rate, it cannot sell at the current market rate in the cities. The trading interests have occupied now even the remotest corner of the countryside, and there is no new ground for the co-operators to occupy. They have to compete with the trading interests, dust them out of the field, and establish themselves in their place. It is indeed a very hard job and until duly trained people who are imbued with genuine co-operative spirit of mutual goodwill and who are actuated with the motive of not exploiting either the producer or the consumer also are forthcoming, such ventures as marketing of milk on a large scale cannot be started in the State with any chance of financial success.

Propaganda has to precede formation of such societies, but co-operators have not yet fully realised the benefit of propaganda and are reluctant to spend on it. But latterly in the District Conferences these new ideas and the need for spending on propaganda and education are being placed before the people and it is hoped that a new idealism will evolve as a result of all these efforts.

CO-OPERATIVE MARKETING OF GHEE IN U. P.

By

MAHESH CHAND

In the *Review of the Co-operative Movement in India, 1939-1946* it has been said that remarkable progress has been achieved in U. P. in the development of co-operative marketing, mainly of cereals and oilseeds, *ghee* and sugarcane. I am summarising below certain recent figures :—¹

Year.	No. of unions	No. of societies.	Member-ship.	Ghee handled (mds.)	Value of ghee sold (000's Rs.)	Profit (000's Rs.)	Bonus distributed (000's Rs.)
1936-37	3	153	3,153	1,981	100	18.5	...
1939-40	6	607	12,500	5,383	215	50	8.5
1942-43	8	727	...	6,100	354	33	34
1944-45	12	870	20,000	4,899	367	50	...

So far as the years 1939-40 and 1944-45 are concerned, I give below certain calculated values :—

		1939-40	1944-45	Percentage change
No. of societies per union	...	101	72.5	— 28
No. of members per union	...	2,033	1,667	— 20
No. of members per society	...	20.6	28	+ 12
Price realised per maund of <i>ghee</i>	...	40	75	— 87.5
Sale-value of <i>ghee</i> per member	Rs.	17.2	18.4	+ 6.7
Profit per member	"	4	2.5	— 37.5
Quantity of <i>ghee</i> handled per thousand members	... mds	430.6	245	— 43
Profit per maund of <i>ghee</i> handled	Rs.	9.3	10.2	+ 10
Percentage profit on sales	...	23.1	1.4	— 94
Ghee handled per society	... mds.	8.9	5.6	— 46
Ghee handled per union	... mds.	897	406	— 55

The *ghee* societies have been in existence for about two decades and the various negative figures of percentage decline show what a remarkable progress has been made by these societies during recent years! Though the size of the societies has slightly increased, the proportion of unions has increased instead of decreasing. Although the price almost doubled, profit per maund of *ghee* handled has increased by only 10 per cent and the profit on sales has really declined by 94 per cent. The quantity of *ghee* handled per society as well as per union has also declined and it is greater for the unions. It cannot be explained by saying that cattle have been slaughtered and the production of *ghee* has decreased. The decrease in the milch cattle does not seem to have been sufficient to explain the decline in the *ghee* handled by these unions and societies. This is indicative of quantitative expansion. The superstructure is being expanded. Naturally the cost of administration and distribution is increasing beyond capacity. Although the sales per member increased by 6.7 per cent, the profit per member decreased by 37.5 per cent. Remarkable progress indeed!

¹ *Co-operatives in the U.P.* by J. P. Misra, Page 105.

One is reminded of the observations made with regard to the Central Co-operative Ghee Sale Union Ltd., Etawah, in the *Report of the Co-operative Marketing of Agricultural Produce in India 1943*.² The condition of the societies has been deteriorating from year to year. There has been over-loaning. Supervision and control has been very slack. The indigenous *kataun* system does not offer any inducement to the solvent persons to join the society or to continue as active members after they have joined. Hence there is disloyalty of members. One-third of the *ghee* sold in India was estimated to be adulterated as long back as 1937.³ The position has definitely deteriorated since. In such circumstances, there should be a good scope for honest *ghee* marketing institutions. Again, as can be gathered from the following figures of the quantity of milk converted into *ghee* in the different provinces and States, U. P. produced about one-seventh of the supply of *ghee* in undivided India and definitely a far larger proportion in the present India :—⁴

Quantity of milk converted into *ghee* (In crore maunds).

Provinces		Quantity	Provinces		Quantity
U. P.	...	5.0	Punjab		9.6
Bihar	...	3.4	Bengal		1.3
Madras	..	3.2	Other Indian States		1.1
Other present Indian provinces	..	2.1	Others		9.1
Hyderabad State	..	1.1	Grand Total	...	35.9

Taking *ghee* at 6 per cent of the milk, U. P. produces about 80 lakh maunds of *ghee* and the *ghee* co-operatives handle about 0.05 to 0.06 lakh maunds of *ghee* i.e., about 0.07 per cent of our Provincial production. Not even one-thousandth. That fixes the achievement and indicates the immense scope for progress.

But the organizers seem to believe in starting with great zeal and then dozing into a sound sleep. During 1936-40 i.e., within four years the membership became four-fold, while during 1939-45 it increased by only 6 per cent. Even in absolute numbers, the respective increases are about 9.4 and 7.5 thousands. We have criticised the undue increase in the proportion of unions. But there too the slowing process is evident. During 1936-40 the unions took three years to double in number, and they took another five years 1939-45 to double again. The zeal for developing must not be lost and must be kept up—not only for quantitative but also qualitative progress. No reports and information are available for the period after 1944-45. It seems the Provincial Government is concentrating on their Scheme of organising the Development Blocks.

² *Report on the Development of the Cattle and Dairy Industries of India* by Dr. N. C. Wright, 1941, Table 15 on page 163.

³ *Report on the Co-operative Marketing of Agricultural Produce in India, 1943*, Government of India, Page 84.

⁴ *Report on the Marketing of Milk in India and Burma, 1943* (Second Edition), Table given in Appendix IV, pp. 130-131.

GHEE SOCIETIES AND THEIR PROBLEMS

By

BIRESHWAR SINGH, B.A., LL.B., EX-M.L.A.

Organisation of Ghee Societies affiliated to the Central Co-operative Ghee Sale Union, Shikohabad was undertaken in 1936. At first only seven societies with 83 members were organised. Their number is 199 at present, with a membership of 7,302. The actual number of ghee producers, of course, does not exceed one fourth of this figure. They collected 10,563 maunds of ghee during a period of 12 years and sold it for Rs 2 lakhs. A sum of Rs. 4 lakhs was earned as profit on the sale of ghee Societies' own capital exceeds Rs. 1.5 lakhs. This success is very creditable and more success could be achieved, but for some obstacles in running these societies which are discussed below.

The chief difficulty is paucity of funds. The business of ghee has no element of speculation and its price also does not fluctuate so sharply. Banks advance money according to some set principles of their own and no one can convince them on the need. People in the rural areas never invest in their own societies, as they can easily do but exploit the needs of their less fortunate brothers and sisters and lend money charging 24 per cent per annum as interest. The low rate of 5 per cent dividend per annum in the ghee society is no attraction to them.

The other great problem facing the ghee societies is adulteration. It does not require much intelligence to adulterate with genuine ghee, some brand of 'vegetable ghee' which, unfortunately, is of the same colour, consistency and odour. Each member of ghee collecting agency of the co-operatives cannot be provided with a costly apparatus. The best solution of this problem is complete closure of vegetable ghee factories. But, perhaps making this demand is crying for the moon in the present capitalist-ridden society, and it is here that grading of ghee comes to our rescue. But even grading does not carry us far, it cannot reveal cent per cent truth : and it requires elaborate organisation and good deal of scientific knowledge which cannot be public property. The only thing which can be of some help is the cultivation of sound public opinion against the mal-practice of adulteration.

There is one more obstacle, though it cannot be said to be peculiar to the co-operative movement. It is the general apathy to do any public work or even appreciate it. India provides illustrious examples of public men who renounced every material comfort for the sake of spiritual uplift ; but the number of those who raised their little finger for the material benefit of others was not large, at least recently. In rural areas, most people want everything done for them. Co-operative movement in India is often said to be suffering from official spoon-feeding, and it is true to a great extent. But things must remain as they were, unless people of good calibre come forward and devote their time in carrying the message of co-operation to the remotest hamlet.

IMPRESSIONS OF THE XVII INTERNATIONAL CO-OPERATIVE CONGRESS

By

DEWAN BAHADUR PROFESSOR H. L. KAJI.

The XVII International Co-operative Congress held at Prague on the 27th September 1948 and three succeeding days was a remarkable gathering of Co-operators in many ways. The number of delegates was about 500. Almost all European countries were represented well. The Czechoslovak delegation was naturally the largest; but Great Britain, France, Italy and Russia also sent large contingents. The delegations from other countries, the U.S.A., and Canada from America, and India, China and Israel from Asia, were naturally small, the long distances from their homes and the expense and difficulties of travel to the seat of the Congress being deterrent factors of considerable importance. The Congress was thus an International gathering with Europe predominating. It was indeed a genuine pleasure to meet and come to know so many persons from so many different countries, and yet all with a deep and abiding faith in Co-operation as the only true basis for the just ordering of society and with a good record of co-operative services in their own lands. Professors and teachers, managers and directors, traders and bankers, insurance men and pressmen, all were there participating with close interest and attention in the discussions.

The Plenary sessions were preceded by the International Co-operative School held at Jiloviste, a short distance out of Prague. Mr. Ch. Barbier, a leading Swiss Co-operator, was the Principal and notable co-operators from different countries, including India, were invited to deliver lectures. There were about 85 students from many different countries attending the school. The lectures were of higher standard and evoked keen and lively discussions and enquiries for further knowledge and information. The school was a very useful adjunct of the Congress and deserves expansion and enlargement of its scope so as to include special courses for special forms of Co-operative endeavour.

While the School was in session there commenced a series of Auxiliary Conferences on special Co-operative topics like the Co-operative Press, Co-operative Education, Producers' Co-operation, Co-operative Insurance and Co-operative Banking. The attendance at these Conferences was small but the discussions on the papers read were stimulating and informative. In view of the growing importance of the Co-operative Movement as an important instrument for World peace, the proposal of Mr. Barbier for an International Co-operative Press agency deserved more real support than it obtained. The antagonism between co-operative developments from the producers' end and those from the consumers' end did not seem to be sufficiently realised and pious hopes as to the two harmonising served no

* Held at Prague from 27th to 30th September 1948.

very useful purpose. These Auxiliary Conferences deserve more attention, since they serve a very useful purpose indeed by the discussion of actual Co-operative problems of great topical importance, and it is only in sectional conferences that Co-operators can establish contacts with one another to mutual advantage in their own particular line of activity.

The Congress sessions were held in the spacious Municipal Hall, tastefully decorated with flags of the countries represented. The Rainbow flag of the International Co-operative Movement was prominently displayed as a symbol of Unity in diversity and for the fact that Co-operation does not recognise any distinction of class, creed or colour. It would have been very appropriate indeed if the proceedings had commenced with a hoisting ceremony, so that delegates could have more vividly realised that while in session they owed allegiance to the Rainbow Flag of Co-operation, be their caption—political, racial, economic—what it may. Instead, half a dozen coronets blazoned forth their welcome. On the broad platform were seated the office-bearers of the International Co-operative Alliance and the Reception Committee, with the fraternal delegates and guests specially invited in the row behind. The Prime Minister of Czechoslovakia extended his welcome and he was followed by the Mayor of Prague. Then followed the welcome address of the Chairman of the Reception Committee. These speeches lost much of their interest by being in the Czech language; they had to be translated by the official interpreters into English and French.

The President, Lord Rusholme, in a clear voice, delivered his presidential address and proposed the adoption of the Report of the Central Committee. The Report evoked a somewhat acrimonious debate, the Russian delegation leading the opposition. Then followed three resolutions suggested by the Central Committee. The first one on the Promotion of Co-operation in under-developed areas was moved by myself and was adopted after a heated debate by the Russian and Polish delegations. Promotion of Co-operation is one of the fundamental functions of the Alliance and it would have been definitely better if a Special Committee has been appointed to implement the pious hopes enunciated in the resolution since the Executive Committee is hardly the body to work out any special plan for this work. Even now it seems to me very desirable that the executive should appoint a special Regional Committee to study the problems and to recommend definite action for the further development of Co-operation in the different countries of the world. The other resolutions relating to the Petroleum and Housing problems were similarly adopted after the Russian amendments had been defeated.

Next the amendments recommended by the Central Committee in the Rules and Articles of the I. C. A. and the future policy and programme were considered and passed. Lastly two papers on the Nationalisation of Industries and the Role of Co-operation in International Economy were read and discussed and suitable resolutions were adopted,

The Congress concluded its labours after four days' sittings on the 30th September at the scheduled time.

India extended a warm welcome to the next Congress. The Invitation, along with invitations from Rome and Copenhagen, were referred to the Central Committee for decision. If the I. C. A. is to function as a truly international body it would be very desirable if the next Congress met in India, which is really centrally situated in the Eastern hemisphere and where new life and new impulses pulsate very actively since the achievement of freedom.

The Congress was a great success indeed. The organisation and arrangements were excellent; the documentation, agenda and papers relating thereto were accurate and complete, thanks to the efficiency of Miss. Polley, the General Secretary of the I. C. A. and her staff.

Lord Rusholme made an excellent President, with a striking personality he was tactful and yet firm; humorous yet assertive and maintained full control throughout. Though the agenda was long and though the floodgates of oratory were let loose, and though translations in the various languages often sorely tried the patience of the delegates, the President handled the situation very well indeed and brought the proceedings to a close at the scheduled time.

The Hospitality of the Central Co-operative Council of Czechoslovakia was excellent. The dinner parties, socials and excursions were not only thoroughly enjoyable but served a very useful purpose indeed in restoring harmony and comradeship among the delegates after a day of heated debates and discussions.

It was very gratifying to notice that Co-operation was no longer a passive or a neutral agency for the weaklings of society but that it had grown into a powerful Movement, standing up and making its voice felt in the cause of the promotion of peace throughout the world. The strength of the Movement was demonstrated in no uncertain manner by the presence at the Congress of the representatives of the U. N. O. and of some Governments, as also of non-governmental international organisations like the International Labour Office and the World Federation of Trade Unions. It was further strikingly demonstrated in the speeches made by speakers of various countries and various persuasions. Indeed all speakers, whether relevantly or otherwise, stressed the absolute necessity for maintaining peace and urged the Movement to work for and towards that end. In these times of grave peril it was very stimulating and heartening to note the unanimous adoption by the Congress of a special resolution on Peace, and we hope and trust that the voice of Co-operation will be heard and the dire perils of a third world war will be averted.

While thus united on the need for peace, the delegates differed fundamentally on ways and means. There were clearly two camps into which they seemed to have been divided—the one, like Great Britain, France

Scandinavia, Holland, Belgium and Switzerland pinning their faith in free and voluntary co-operation within a democratic State, the other, headed by the "Centrosoyus" of Russia supported by Poland, Italy and Czechoslovakia, standing up for Co-operation on the Soviet model where it would be compulsory and an instrument of the State. On almost all resolutions, these two camps collided and votes had to be taken. The voting, however, was hardly free. It was practically in effect by delegations or countries all the delegates of a country voting alike. This was not quite a pleasant feature, since in Co-operation there should be complete freedom to the individual and political connotations or aggressive nationalism should have no place.

Another feature was quite noticeable that the Congress was dominated by Consumers' Co-operation. Agricultural Co-operation was sadly neglected. While the consumer has a very important place in social economy, it hardly needs to be said that the producer—agricultural and industrial has a place second to that of none. We trust that in future all forms of Co-operative activity will be fully discussed and given their proper place at the Congress. It also seemed as if the delegates were not imbued sufficiently firmly with the tenets of the Co-operative ideology. While mention of the Rochdale Principles was frequent, it did not seem to be realised that Co-operation is a creed with its own philosophy which makes for efficient production and just and equitable distribution, and thus provides the only correct basis for peace, progress and prosperity.

Britain is reported to have been flying pencillin to New Zealand for use in a large-scale experiment designed to increase the milk yield of cattle there. The experiment, which is being conducted by the New Zealand Dairy Board and the Department of agriculture, seeks to eliminate cattle diseases which, it is estimated cause an enormous loss in milk production.

REVIEWS

THE CO-OPERATIVE MOVEMENT IN LABOUR BRITAIN,—*Edited by N. Barou,*
(Victor Gollancz, Ltd. 1948 ; 7/6).

This new and valuable publication contains a series of essays on various aspects of the Co-operative Movement in Britain, edited by Dr. N. Barou and published on behalf of the Fabian Society. The fact that the Fabian Society, which has contributed very largely towards the gradual conversion of Conservative Britain to the Socialist view of thinking, should actively interest itself in the propagation of the co-operative creed is, indeed, a significant sign of the times. The editor, Dr. Barou, who has contributed the introductory essay on "Whither Co-operation" and has summarized the conclusions to be drawn from the ten other essays is a well-known figure in the World of co-operative literature, while the other contributors are either experienced writers on co-operation or active workers in the cause. The publication is divided into four sections : the first is introductory and the last contains the conclusions ; the other two sections are headed "Co-operative Trade and Production" and "General".

The survey of the movement and of its place in the social and economic structure of Britain is of very recent date, and is intended to cover all conceivable aspects of the subject. There are chapters on "Agricultural Co-operation" and on "Industrial Co-operatives", besides essays dealing with "Retail Distribution and the Price, Dividend and Financial Policy of the Consumers' Movement", "Labour Relations in the Co-operative Movement in the Distributive Trade" and "the Productive Enterprises of the Consumers' Movement". The place of the consumer in politics, the role of the British Co-operative Movement in International Co-operation and the re-action of the national economic policy on the Co-operative Movement form the subjects and other valuable articles.

Among the various sections, special interest attaches to an article on "Co-operation and the Community" by Mr. W. P. Watkins. What he observes of the influence of machine technology which broke up the old traditional community life without assisting in the building of a new one is of universal application. In several parts of the world, at no other period in human history has it been so easy for so many to be governed by so few ; and the results—we observe even in India—are frustration and exasperation. The question that is posed is : Is there any prospect of the Co-operative Movement, with its harmonising influence, being of help in resolving the conflicts of interest which underlie so many modern social problems and in establishing a social order which not only unites their interests but also provides scope for active participation in affairs ?

In India, the question acquires special significance because of the acceptance of the ideal of a Co-operative Commonwealth by the Indian

National Congress. Co-operation does possess the essential elements that can contribute towards the establishment of a stable and, withal, a progressive social order, providing the fullest scope for a social life tolerable to the free men and women to-day. Co-operation, as Prof. G. D. H. Cole has remarked, can promote democracy even in the changed economic conditions of modern life, because it is in a position to give the small groups, of which the great society is made up, real opportunities of action. However, conflict, as another writer has said, is unfortunately a strong force. From the practical point of view does co-operation provide an equally potent force? If we agree that it does, it is essential for those who hold that view to get together and devise means by which the desire and the capacity of individuals and groups to combine to serve a common end can be harnessed for the various aspects of the programme of socio-economic re-organization.

In his concluding chapter, Dr. Barou, in examining the position, appears to put forward the view that it is only in limited fields, such as of agriculture and artisan production, that co-operation possesses potentialities which need to be explored. Writing on the same subject in a pamphlet entitled "The Co-operators and Labour", Prof. Cole propounds the view that in the future reordering of our economic structure, co-operators will be specially interested in small manufacturing industries, in distribution, embracing both wholesale and retail trade, in marketing, including the marketing of exports and bulk purchase through import boards, and, to a smaller extent, in the building trade, in agriculture, in the organization of certain services such as banking and insurance. They may also, he adds, be associated with the organization of such services as laundries, petrol stations, garages, entertainments and sports and the running of hotels and restaurants. The movement, according to him, has little or no part to play in the field of large scale manufacturing industries, in civil engineering, in shipping and in aviation.

These observations relate to the economic set-up as it obtains at present in England: Probably with our differing conditions, the analysis may differ. All the same, the survey of the possibilities indicates a line of approach that may suitably be pursued in the context of Indian conditions. For many in India, State ownership and control of all economic activity seem to provide a solution for our economic malaise. But, as Dr. Barou points out, the voluntary co-operative system, both productive and distributive, is nearer the ideal of socialists than semi-corporated State industry. In certain fields, at any rate, co-operation possesses definite advantages over nationalization, and subserves, to even a greater extent, the basic conception of economic democracy for which socialism stands.

V. L. MEHTA.

YEARBOOK OF AGRICULTURAL CO-OPERATION, 1947. *Edited by the Horace Plunkett Foundation Heffer & Sons, Ltd., Cambridge, 1948; 15 Sh. net.*)

This Yearbook begins appropriately with a note on the trends of agricultural co-operation after the World War II. During the war co-operative organisations were made use of by the State in the rationing of food and of the means of production like seeds, manures and implements, to extract the utmost from the soil of beleaguered countries. This quasi-official position is still retained in most of the countries—particularly in Eastern Europe. The question is asked whether the co-operative movement will revert to its voluntary but un-co-ordinated status or whether State Socialism will encroach on the movement so that it becomes a subsidiary and formalised part of the national plan. It is worthy of note that thirty years of Communistic regime have not obliterated the co-operative societies in the Soviet Union. A semi-compulsory amalgamation is taking place in several States on the national plane; whether left to themselves this tendency to coalesce will persist, it is hard to prophesy.

There was a revival of international conferences, not only of consumers, but of agricultural producers—the former at Zurich, the latter at London. The Food and Agricultural Organisation of the United Nations also deals with co-operative problems; it seeks in particular to relate the complementary needs of food producers and food consumers.

The account of the movement in several countries, old and new, shows that co-operation is a stubborn and vital institution, which neither war nor totalitarian regime has eradicated. It is capable of continuous growth and adaptation to new conditions.

The account of the movement in different countries is preceded by a few general chapters. One deals with conditions of health and agriculture among the natives of Central Africa south of the Sahara, as found from an enquiry made by three doctors at the instance of the Church Missionary Society, England. There is a good deal that is interesting and even moving in this account; it is of interest to us as we have such backward races in parts of our country too, for whom the recommendations might well be adapted. But there is no reference at all to co-operation as a cure or palliative.

This is followed by a detailed account of some experiments in Co-operative Farming in Saskatchewan, a province in Canada, with a cultural pattern similar to, if not identical with, that of the United States. These were conducted by some enterprising farmers who set out to clear bush and forest and reclaim them for cultivation, which they could not individually accomplish nor economically without the use of modern machinery. The need for social contacts in this wilderness was another spur to co-operation. The anxiety to provide for younger sons, who had to seek their own fortunes according to the law of primogenit we but who were enrolled as co-owners of co-operative farms also played some part in the foundation.

Another object was to provide for war-returned young men. The provision of ample land for all these objects was possible in a new country; but it is very difficult to find such land in India on any ample scale. In these Canadian experiments themselves, we find only small groups of men, less than a dozen each. Many of them were well educated and occupied a high status. They were not mere adventurers out to try their luck. They stressed social values more than material. They gave ample powers to managers, and each one did the job for a 'going wage'. There was sufficient and timely State-aid too. Perfect harmony is said to prevail. Such conditions are hard to find in this country. Nevertheless, it is a stimulating study for ardent aspirers of a co-operative way of life.

Next comes a short sketch of co-operative organisation among fishermen in about a dozen maritime countries of the world, including United Kingdom, Canada, Newfoundland, Japan, U.S.S.R., Norway, Iceland. Greatest development has taken place in Canada, Newfoundland, U.S.S.R. and Japan. The data supplied are admitted to be neither full nor up-to-date. It is not clear why such a scrappy account should find a place in this Yearbook.

Then follow the accounts of the movement in different countries in Europe, Asia, North America and Australasia. The movement has come out little damaged in spirit, in fact it has been reinforced, by the hard struggle during the war, which inflicted not a little physical damage in a number of countries in Europe, far advanced in co-operation. Even in England, not so advanced in agricultural co-operation, the societies for the supply of agricultural requirements did remarkably well in 1945-46, while marketing of eggs, fruits and vegetables, a new line, was very promising. The National Farmers' Union, formerly not very sympathetic, took a great deal of interest in the development of co-operation not only on a national but on an international scale and organised an International Conference of Agricultural Producers, in London.

France suffered a great deal during the war; seven Regional banks in the north-west were blown up and agricultural land went out of use. Her co-operative credit structure, which resembles that of India in some respects, has had to exert itself in particular in the resuscitation of agriculture and on behalf of the war-veterans, returned prisoners of war and of those who had lost their farms. These have been helped with long-term and medium-term loans at 3 per cent—the former repayable in 15 to 20 years, while repayment was not insisted on in the first 3 years. As for short-term loans, the ordinance of 1945 gave a new frame-work to co-operatives, put an end to certain uncertainties, clarified the obligations of societies and provided simple rules for their operation and gave them the means to extend their activities. Naturally the amount loaned out increased enormously from 1946. The greatest development has been in the use of agricultural machinery, owned or more often hired, necessitated by the need to grow more food at home, the lack of labour and the dearth of cattle, destroyed during the

war. Air-craft factories turned over to the manufacture of tractors etc., and co-operatives came to the rescue of small farmers by hiring out machinery which could not be and need not be individually owned.

The Netherlands suffered not a little during the war ; but every type of co-operative society in agriculture seems to be flourishing, thanks to her stable foundations before the war. A very high percentage of produce is processed and/or sold co-operatively—not only milk, but also beetroot, pig's flesh, fruits, eggs, vegetables—unparalleled except perhaps by the Danish co-operative societies. The co-operative fertiliser factory produces nearly 30 per cent of phosphates. There are nearly 2,000 cattle insurance societies and 200 fire insurance societies.

In Switzerland, which fortunately suffered little by war, another country noted for milch cattle, co-operative marketing of milk has been greatly developed recently. What is more remarkable is the part played by co-operatives in the increase of arable area from 2,10,000 to 3,50,000 hectares.

Sweden, which managed to remain neutral during the war, has a finely developed agricultural as well as urban consumers' movement. Practically all the farmers with more than 2 hectares each, and they are the great majority, are said to be members of co-operative societies. The Federal Swedish Farmers' Association is a unique institution with a dozen or more departments, each specialising in one line.

The most spectacular and many-sided progress in co-operation is to be seen in the United States of America, of which Dr. J. G. Knapp, as usual, gives a vivid account. Societies for the marketing of all produce except cotton and wool showed greater transactions. There was, however, a great deal of anxiety as regards future prices, which led to conservative practices and stimulated researches in business methods and technique of production. There was improvement in the breeding of livestock, especially the hog, in the setting up of cold storage and community locker plants. Dairies were modernised, which led to lower handling and marketing costs. Fruit selling co-operatives set up packing houses, added cold storage equipment and were studying the possibilities of air transport of fruits. The grain and seeds co-operatives increased storage space and developed seed service through regional associations. The processing of soya beans was improved which had been improvised during war to make up for protein shortage. Feed mills were renovated and enlarged. Petroleum distribution was increasing as a result of the greater use of tractors by agriculturists. There was a rapidly growing demand for rural electrification, both on the farm and in the house, thanks to the much larger earnings of the farmers and the aid given by the Rural Electrification Administration. There are other lines of activities on the managerial and educational aspects of co-operation, which co-operators in India might study with interest.

Now coming to India, Mr. J.C. Ryan gives a glowing account of the progress of the movement, particularly how Madras and some other provinces

made hay during the sunshine of the war and the boom prices. how several societies catered to the needs of the fighting forces, how agriculturists were able to repay their long standing dues to societies, how over-dues by societies to banks melted down, how non-credit activities, particularly distribution of consumers goods, came to the fore—though seasoned co-operators felt that it was all due to control regime and wanted to put by more to reserves and strengthen the loyalty of members in the days to come. We wish some reference had been made to the hardships of the poor, whom prosperity born of scarcity by-passed. The rest of the contribution is a defence of the recommendations of the All-India Planning Committee on Co-operation, of which Mr. Ryan was an active member. The series of State-aids recommended would certainly “startle orthodox co-operators who cling to the principles of self-help and mutual help as the bed rock of co-operation.” State-aid of this all pervasive type is not such a common feature of many progressive countries. We are not sure whether once aid is given, it will not cease to be demanded after the initial stage. It might well lead to more and more departmentalism and more lamentation on the part of old co-operators that young men are not coming forth to take up their share of organisation and management of co-operative institutions. Compulsion in co-operation is another vexed question. We would rather remove consolidation of holdings from the ken of co-operation and make it compulsory, as is done all over the world—except the Punjab, than make co-operation unpopular by introducing a coercive element.

The Yearbook contains as usual a note on recent co-operative legislation and concludes with brief reviews of the latest literature on co-operation.

K.C.R.

THE RURAL ECONOMY OF GUJARAT. By M. B. Desai, (*Oxford University Press, Bombay. 1948. pp. 352. Rs. 20.*)

Prof. C. N. Vakil introduces the author as one who belongs to an agricultural family of one of the districts of Gujarat, and had made a first-hand study of several rural problems of what formed British Gujarat till recently. The work was done for the Ph.D. degree of the Bombay University during 1941-46, and has been brought up-to-date.

The author has made a close enquiry of 21 villages, representative of different tracts, of 217 families comprising 178 farmers, 19 artisans and 20 agricultural labourers.

The rural population is 70 per cent of the total population in the area. Nearly 60 per cent of them are cultivating owners, 4.4 per cent are non-cultivating proprietors, 7 per cent are tenant cultivators and 28 per cent are agricultural labourers. 75 per cent of the area is under ryotwari tenure. An elaborate account is given of all the systems of land tenure in vogue: Talukdari, Mehvasi, Maleki, Narvadari and Bhagdari tenures. The last two tenures have responsibility but no rights. They depend on tenants for tilling the soil. They must pay Government dues regularly, but they find it difficult to collect rents from tenants. Due to famine and decrease

in population, tenants are hard to find. They cannot freely sell or alienate their shares. The Government too are not able to collect their dues. The system affords scope for evading land tax. A proposal to abolish these tenures and convert them into ryotwari was opposed 40 years ago. But the Baroda Government has effected the reform. It is stated that as a result agriculture has improved, and efforts at rural reconstruction have met with ready response from cultivators.

The average holding was only 6 acres in 1942-43 and it has been progressively declining. Evils of excessive fragmentation as well as sub-division are found here as elsewhere. Attempts at consolidation of holdings by legislation have failed, partly because compulsion was to be resisted to and the law of inheritance of land was to be interfered with at the discretion of the Collector. The aim to create as many 'economic holdings' as possible is not easy to achieve in the conditions of Gujarat. The author says that, consolidation on the basis of original ownership is alone practicable.

The conditions of agricultural labour are anything but satisfactory. Different forms of labour—farm servants, share tenants and serf labour. their methods of recruitment and remuneration are detailed. They resemble more or less conditions found elsewhere; but wages seem to be even lower than in Madras.

As for agricultural finance, moneylenders still play a very important part, but their terms and rates of interest are said to be reasonable. The Debt Relief Act of 1945 has helped to reduce rural debt by Rs. 1,60,000 only. The Co-operative Movement has made some progress in Broach and Panchmahals, being probably cotton areas. Only a little more than 5 per cent of the rural population have come into the movement. There are only three primary land mortgage banks—much too small for the area studied, while the estimate made by the author of total rural debt is Rs. 21 crores. The system of marketing is very defective and as a consequence the spread of prices between producers and consumers is to the detriment of both. Co-operative sale societies have achieved some measure of success in respect of cotton only; but even here membership is confined to well-to-do farmers. It has not touched the vast majority of poorer peasants with small marketable surpluses. The movement, it is said, should be reorganised and expanded so as to embrace several lines of activity. Multi-purpose society is suggested as the solution. Whether there is enough earnestness and ability to organise it in the villages, is not gone into. Similarly the evils of fragmentation and sub-division are expected to be got rid of by co-operative farming. Whether people will be able to run co-operative farms when they are not able to run simple credit societies is a matter for serious doubt.

The chapter on War and Agriculture is very informative and shows evidence of painstaking research. The plight of poor peasants is miserable. But what can be done to alleviate the misery is not dealt with in detail.

The book is priced Rs. 20, which is beyond the reach of most students.

S.V.D

ACKNOWLEDGMENTS

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NEWS AND VIEWS

In view of the shortage and unhygienic production of milk in Hyderabad City a Committee was set up which recommended the reorganization of co-operative societies of small scale producers and the rendering of financial assistance of of private dairy farms. The Veterinary Department put up schemes, among others, for the setting up of co-operative credit societies of the Gowlies, and the establishment of dry cattle farms. These schemes were approved by the Government.

The *Co-operative Credit Societies* will arrange to supply good milch cattle to the members at concession rates and will in turn accept all their dry and young stock for salvaging them at the dry farms which will be established at reasonable distance from the city. The Government earmarked Rs. 1,25,329 and Rs. 1,20,300 for the recurring and non-recurring expenditure on the project. The constitution of these societies has been framed on the following lines :

1. Each society for the present will consist of fifteen members and each member will be provided with two milch buffaloes at half the cost price, payable in twelve instalments but the rate of interest will not be over 4 per cent.

2. Only those members of the society who produce a property security equivalent to the full price of the buffalo will be eligible to purchase cattle at concession rates.

3. The society will reserve itself the right to withdraw all its concessions and special facilities or even take back the animals in cases of non-payment of the instalment or any fraudulent dealings.

4. For reasons of uniformity in work and administration all these societies will be registered under the Hyderabad Co-operative Act but in view of the specialized nature of work, the required capital should be provided by the Government.

5. The society will charge to its members an admission fee of Re. 1 per member.

6. Each society will invite from members a share capital of Rs. 1,500 divided into 15 shares of Rs. 100 each. Every member will purchase at least one share and pay off the share value in twenty instalments.

7. These societies will work with the grants-in-aid by the Government for three years, after which period they will have their own capital for the continuity of the work.

The object of the scheme for the *establishment of dry cattle farms* is to make arrangements for maintaining 300 dry cattle of the members of the co-operative credit societies or Gowlies at nominal charges. These animals will be returned to their respective owners after the completion of their dry period. This scheme involves an expenditure of Rs. 92,175 non-recurring and Rs. 12,040 recurring.

—*Indian Farming*, September, 1947.

The Government of Bombay had set apart 3,000 acres of land for a dairy farm at Goregaon to which all milch cattle in the city would be removed by 1950 and where plenty of green fodder would be available. The Government milk scheme has five main features : evacuation of cattle to the dairy farm, bringing maximum quantity of milk from surplus districts, preparing toned milk for sale at cheaper but subsidised rates, organising distribution under controlled conditions, including processing, and setting up of a statutory body to look after the entire milk supply as a permanent feature. In the dairy farm at Goregaon production of milk would be in the neighbourhood of 50,000 lbs. a day when the milk scheme got well under way. It is said that the total expenditure on the scheme for the Government was

estimated at between six to seven crores and financially the scheme considered perfectly sound.

The Government of India for the first time embarked upon large scale co-operative farming through partial mechanisation of cultivation, whereby about 1,50,000 acres of land will be reclaimed and brought under cultivation in Matsya Union. The main object of the scheme is the rehabilitation of those who had lost their all because of the partition of the country.

For the first time in the Madras Presidency an experiment in co-operative farming will shortly be started on the Nilgiri eastern slopes at a place near Balli-Moyar on the Moyar river basis. The agriculturists of the place have formed a collective farming co-operative society and are taking on lease 500 acres of forest land from the Government for a period of five years. The members will jointly cultivate 100 acres each here.

The Government of Orissa have decided to reclaim about 7,00,000 acres of waste land. It has been decided to give first chance to refugees to colonise these areas. Cultivation will be done on co-operative lines and mechanical equipments will be supplied by the Government. The Provincial Government have requested the Central Government for the supply of tractors. The present scheme prepared by the Government, it is stated, will reduce the annual shortage of foodgrains by 3,50,000 tons. The cultivators concerned will be granted all facilities by the Government including financial assistance. The guidance and advice of Grow More Food officers will also be available to them.

The Central Tractor Organisation of the Ministry of Food, Government of India, has a total stock of about 600 tractors which are let on hire to the provinces for reclamation of land as part of the Grow More Food drive. The rent for reclamation of weed infested or cultivable but waste land is about Rs. 8-8-0 per acre. The organisation supplies two trained men per tractor for operation. At present 82 tractors are working in Bombay, 79 in the U. P., 21 in the C. P., and 18 in West Bengal.

Forty-eight tractors were loaned to the Matsya Union for reclaiming and bringing under cultivation 1,50,000 acres of land on a co-operative basis.

The Government of India have sanctioned a loan of Rs. 64 lakhs to the United States of Rajasthan for financing the Pratap Nagar Township scheme for refugees from Sind. The scheme, which has been sponsored by Shree Bhupal Co-operative Society, Ltd., Udaipur, envisages the construction of 3,000 houses and will provide accommodation for 20,000 displaced persons from Sind. The scheme was recommended by the Government of Rajasthan which has extended its patronage by making a free grant of 700 bighas of land and a loan of Rs. 4 lakhs to the society for the purpose.

The Government of Madras have directed that the distribution of the controlled portion of the groundnut cake should be handed over by the Agricultural Department to the Co-operative Societies. The Wholesale Store in the area will procure the stock from the mills and transport it to co-operative institutions in each centre who would stock and distribute it to ryots, both members and non-members.

The Government of Bombay decided to organise their own machinery for the entire distribution of mill cloth all over the province. The Government propose to appoint their agents to collect cloth from the mills and distribute it to the districts according to quotas fixed by the Government. The cloth will be available to the public from co-operative societies and the Government grain shops and fair

price shops which have been already opened. The handling charges of cloth from the mills to the retail shops are expected to work out to 10 to 12 per cent. The consumer will get his cloth in co-operative societies and Government grain shops within less than 15 per cent above ex-mill prices.

The Government of Central Provinces, it is understood, will take over 25 per cent of the province's production of cloth for distribution in the rural areas through co-operative societies. As regards yarn, the Provincial Weavers' Co-operative Society would import the extra-provincial yarn and after retaining a portion for use by its members, distribute the rest to dealers in districts according to the license system already in vogue. Of the provincial mills' yarn, a portion would be allocated to the Society, while the balance would be distributed through the normal trade channels.

According to the Textile Control Orders of the Madras Government, the co-operative societies will now handle $\frac{1}{2}$ of the mill cloth and upto 50 per cent of the yarn allotted to the province. The price to the consumer of mill cloth ex-retail will be ex-mill price plus 18½ per cent or three annas in the rupee in the case of cloth from Bombay. The price from local mills will be slightly less—ex-mill prices plus two annas and six pies in the rupee. In addition to these margins, the actual transport charges and sales tax are allowed to be passed on to the consumer.

In furtherance of the scheme of establishing garden colonies in almost all districts of East Punjab, sanctioned by the Provincial Government sometime ago, it is proposed to set up a Co-operative Development Board to look after the interests of fruit-growers. The Board will be constituted from amongst refugee garden owners who have been allotted areas in the province for fruit culture. Other fruit-growers of East Punjab will also be associated with the activities of the proposed Board.

Mr. N. V. Gadgil, Minister, for Works, Mines and Power, Government of India, speaking at the Annual General Meeting of the C.P.W.D. Co-operative Thrift and Credit Society at the Council House premises at Delhi, recently, stated that the present Government favoured co-operative effort in all fields where it was practicable, in preference, to individual effort, for it meant relief to the individual as well as to the nation. He added that this and other similar securities should venture into new fields and instead of restricting their activities only to credit and loans, they should provide to their members cloth, medical facilities and other amenities on a co-operative basis. Eventually, this would help to fight inflation, he said.

The Madras Government have passed orders approving the syllabus drawn up by the Sub-Committee for the Rural College, which forms an important feature in the recently announced programme for adult education. The main subjects of the syllabus are : language and literature, history and culture, economics with special emphasis on Co-operation, political science, sanitation and health and everyday science.

The Congress Economic Programme Committee recommended co-operatives for agriculture, small-scale and cottage industries and for the distribution of consumers' goods. It is proposed that State aid to small-scale and cottage industries is to be provided only through the co-operatives. Similarly agricultural requisites are to be supplied to the cultivators only through their societies.

CO-OPERATIVE CONFERENCES AND MEETINGS

THE NINETEENTH BOMBAY PROVINCIAL CO-OP. CONFERENCE

Held at Bombay on the 11th April 1945.

Extracts from the welcome speech of Sir Janardan A. Madan, Chairman of the Bombay Provincial Co-operative Institute :

Sir Janardan A. Madan, welcomed the gathering, and referred to the rapid pace of expansion of the co-operative movement in the Province since the last Provincial Conference which was held in 1944. He said: "There were 6,133 societies in 1944 with a membership of 9,02,443 and a working capital of Rs. 25,25,52,000. The number of societies increased on the 30th of June 1947 to 8,003 with a membership of 12,29,050 and a working capital of Rs. 38,71,27,000. Six hundred and twenty three institutions are added on the average every year. The funds handled by co-operatives increased annually at the rate of Rs. 4½ crores. There has been an insistent demand for more societies, and the forms of societies coming into existence are no less varied than the class of people from whom the demand comes."

As regards the conditions created by the war and their effects on the movement in general he observed that the inflationary tendencies and general scarcity of food, clothing and housing, still formed the main features of our economy, although it was nearly three years since the war ended. The agriculturists stood to gain in earlier years by this rise in prices of agricultural commodities. They were able to repay loans in increasing numbers and amounts. There was no pressure for money on the part of agriculturists during the earlier period of the war, and so there was a shrinkage in the loan transactions of credit societies. But with the termination of the war and even a little earlier, the demand for loans reappeared on account of the reduction in the margin of profit to the cultivator. The land mortgage banks, he said, had to work in an entirely different economic set-up from the one in which they had been ushered into being. This coupled with the extension of the provisions of the Bombay Agricultural Debtors' Relief Act, further tended to curtail their business, in spite of the fact that an attempt had been made to link up debt legislation with the working of those banks. The central financing agencies found themselves with a plethora of funds; they had invested in gilt-edged and other government securities and minimised the effects of the wartime conditions on their loan business. Moreover, the decline in demand for seasonal finance from agricultural credit societies was to some extent made good by the demand from the non-credit societies such as purchase and sale societies and stores which remarkably expanded their activities under the stimulus provided by the war. Many of the agricultural societies and urban banks undertook the distribution of controlled and rationed articles amongst their members and other card-holders, actuated by a desire to serve the needs of the community in times of emergency.

Co-operative marketing societies, however, received some set-back in their working on account of the introduction of the movement controls, fixation of ceiling prices of foodgrains and the compulsory levy system. They, however, undertook distribution, as agents of Government, of agricultural requisites, such as manure, seed, etc. He continued: "Consumers' societies recorded unprecedented progress during the war period. The magnitude of the service of co-operative societies in both rural and urban areas in the matter of equitable distribution of food-grains and other necessities of life could be gauged from the fact that 33 per cent of their fair price shops and ration shops were conducted by these co-operatives for the benefit of members and other card-holders. The war also exercised a healthy influence and gave an impetus to the handloom industry in

general. Weavers' co-operative societies and industrial co-operative associations recorded an era of good progress."

On the subject of providing adequate finance for all credit-worthy agriculturists, Sir J. A. Madan said: "The Gadgil Committee recommended in their report that where the co-operative financial structure was, as in Bombay, strong enough to undertake the work envisaged for the Agricultural Credit Corporation, the agency of the co-operative institutions should be utilised. The Government of Bombay appointed a Committee under the chairmanship of Sir Manilal B. Nanavati to suggest the nature and extent of State-help needed by the co-operative banks and also the modifications needed in their structure so as to enable them to discharge the functions of the Agricultural Credit Corporation. Government have recently passed orders covering all the recommendations of the Nanavati Committee except the form and manner in which State-aid should be given and the method of harnessing the existing co-operative credit structure to meet the future requirements of rural credit as envisaged in the Gadgil Committee.

A series of amendments to the Bombay Co-operative Societies (Act 1925) were enacted calculated to ensure, according to the Hon'ble Minister for Co-operation "progressive de-officialisation of the movement." Sir Madan added: "In order to ensure, however, that under the non-officials' control, the machinery shall have the same efficiency as under officers of Government, it is essential that the authority should be centralised with a view to ensure uniform policy, efficiency, and prospects to deserving staff, so that we may be in a position to recruit contented and efficient staff for the discharge of these additional duties."

On the future development of the movement, he said "Nationalist workers of all shades of opinion have agreed to the development of co-operative organisation as an instrument of national development. We can, therefore, confidently look forward to increasing use being made of co-operative institutions, in achieving the prosperity of the country. All the plans that have been prepared in recent times, such as the Bombay Development Plan and the Radical Democratic Party Plan, give an important place to the co-operative movement as a very suitable agency for putting into execution many of their recommendations... The proposed modification in the constitution of the Indian National Congress visualises the setting up of a Co-operative Commonwealth based on equality of rights and opportunity for all."

"A Committee on Co-operative Education set up by the Minister in charge of Co-operation, with myself as its chairman, came to the conclusion, that in substitution of previous arrangement, co-operative education should be provided in districts through educational Supervisors of the Institute, in three regional divisions of the Province through regional schools, and a Co-operative College be started in Poona with the object of imparting higher education to the higher staff of the Co-operative Department as well as co-operative institutions. The recommendations of my Committee were accepted by Government and three regional schools and a Training College at Poona were established in the year 1947. I am glad to say that the Government is extending its financial support to the College by meeting all its expenses, which in the first year amount to Rs. 36,180 recurring and Rs. 9,000 non-recurring. The total expenditure for the whole educational scheme is expected to be about Rs. 1,69,000. Co-operative institutions should take advantage of the educational facilities provided by the Institute by deputing members of their staff to undergo systematic training in co-operative ideals and principles, and give due recognition to such trained staff by providing special grades of promotion for them. The Government of Bombay had already made it obligatory under the Act for a contribution out of profits by all registered societies paying a dividend of 4 per cent and over for the training activities of the Institute."

Extracts from the speech of the Hon'ble Mr. B. G. Kher, Premier of Bombay :

Inaugurating the Conference, the Hon'ble Mr. B. G. Kher, observed that "The co-operative movement, as it had developed in India, seemed too much a part of the machinery of administration run by the representatives of an alien government to attract to it those who had pledged themselves to bring to a speedy end that system of government. With the dawn of freedom and the installation of a responsible government both at the centre and in the provinces, the outlook, has, however, undergone a transformation. But whatever the political lable of those in charge of the administration, it now becomes the duty of all who believe in the co-operative method of remoulding society to join together, irrespective of consideration of caste, creed or political colour, and I expect the co-operative platform, will as in other countries, be a meeting place for all sections of society." Continuing he assured that "we are all of us very keenly interested in the progress of the co-operative movement and the remarks which I will now address to you will make it clear how the co-operative ideology has come to influence the policy of the Government of Bombay and animate many of its actions."

Referring to the use to which co-operation could be put for promoting the welfare of the Adiwasis, he asked: "How many of us knew that the population of the Adiwasis amounts very nearly to 3 crores of people in the whole of India and that their conditions of living were really those of semi-slavery until the attention of the Central as well as the Provincial Governments was keenly concentrated on their uplift?" He said: "Last year in nearly a dozen centres in the districts of Thana, Kolaba and Nasik, the Government of Bombay not only approved of the formation of co-operative societies of Adiwasis for timber-cutting and charcoal manufacture, but extended liberal assistance to those societies. The way these experiments have gone on makes me feel that we ought to welcome them... A number of people who have taken contracts and the middlemen are now paying the Adiwasis proper and adequate wages."

As regards housing, he said that "In the programme chalked out by the Housing Board for housing in the industrial cities of Bombay, Ahmedabad, Poona, Sholapur and Hubli, co-operative housing occupies a very prominent place." In Greater Bombay, Ahmedabad and Poona, not less than 85 societies had been registered in the last two years. He said that Government had approved of the formation of ten co-operative housing societies for Halpaties (agricultural labourers) in the Surat district, as an experimental measure and he assured sympathetic consideration of similar schemes if sponsored by responsible public bodies carrying on social work among the backward sections of the community in rural areas.

With regard to distribution, he promised: "The Civil Supplies Department.. would accord preference to co-operative institutions of various types in the scheme of rationing and rural distribution of controlled food-grains and other essential commodities. As a result the number of distribution centres of various types entrusted to the charge of co-operative institutions rose by 50 per cent in a year and a half. A number of Government grain shops in Bombay City have been taken over by the consumers' co-operative societies." He said further that the work of opening fair price shops will be entrusted by the Civil Supplies Department as the first choice to co-operative organisations provided suitable local agencies are available.

With regard to assigning of waste lands, again, he announced that "preference will be shown to groups of agriculturists constituting themselves into co-operative societies." He hoped that "co-operative farming, when it extends widely, will bring to an end the state of economic disequilibrium."

Though the idea of setting up a specially constituted Agricultural Credit Corporation has considerable adherents, he stated, "Government have come to

the conclusion that such a body will not be needed in our Province. But this decision is dependent on the system of agricultural credit undergoing suitable reorganisation and the financing agencies agreeing to shoulder the new responsibilities that the expansion of the scope of agricultural credit involves." With regard to industrial co-operative societies he said that the Government assisted in the establishment of the Provincial Co-operative Industrial Association "to assist in the organisation of various types of industrial producers' societies to help in improving the technique of production and to provide facilities for credit for the supply of raw materials and tools and for the marketing of finished goods."

Speaking on the educational work of the Bombay Provincial Co-operative Institute, Sjt. Kher wanted "wider diffusion of the knowledge of co-operative principles and practice and the distribution of simple handy tracts on various aspects of the co-operative movement" and stressed that "they have to be in the various regional languages and written in simple language which will appeal to the masses of our people who are not only uneducated but proverbially illiterate. Co-operative education should form an integral part of the programme of adult education, especially in the countryside, and I would urge co-operators to establish early close contacts with those in charge of that other programme."

Concluding the Hon'ble Mr. Kher said: "We will require a large number of young energetic men and women imbued with the spirit of social service. The co-operative movement provides a form of public activity which should attract to itself, as it has done in countries of the West, those who feel the urge to bring about a change in the social fabric. It will be putting the country above party, above religion, above community, above everything else."

Extracts from the Presidential Address by Sir V. T. Krishnamachari, Dewan of Jaipur:

"What part can the co-operative movement play in a free India? Can the co-operative principle become a vital, living force capable of assisting in the eradication of wide-spread poverty which threatens the very structure of our society? The outstanding problem in India is the deplorably low standard of living of the people—the lowest in the world except perhaps in parts of China and Africa.

"What India needs more than anything else at the present moment is a large increase in production—specially agricultural production—within a minimum period of time and the energies of the whole nation must be concentrated on this for years to come. It is well known that the need for importing foodgrains for feeding the population is impairing the country's financial position. In his recent speech on the budget the Finance Minister pointed out that in 1946-47 food imports cost the country Rs. 104 crores and the estimates for 1947-48 put the figure at Rs. 110 crores. In 1946-47 the food subsidies including the bonus for procurement were Rs. 20.16 crores and for the current year these will amount to Rs. 19.91 crores. These figures are staggering and convey an idea of the strain to which India's economy is subjected by the shortage in food production. In 1944 the Government of India accepted the following figures as a guide to the all-India targets of production required to provide a balanced diet for the population of India in that year. The targets comprise increase over present production of Cereals by 10 per cent, Pulses by 20 per cent, Fruits by 50 per cent, Vegetables by 100 per cent, Fats and Oil by 250 per cent, Milk by 300 per cent and Fish and Eggs by 300 per cent.

"This means an aggregate additional production of 6 million tons for 1944. Assuming an increase in population at the rate of 6.5 millions a year there will have to be a further addition to production beginning from 1.2 tons a year in 1945 and increasing steadily every year thereafter. These figures relate to India prior to

partition: but they give an idea of the tremendous efforts we have to put forward if the country's economy is to be saved from an inevitable breakdown.

"The Governments in India are keenly alive to the urgency of increased production and they have prepared and taken in hand comprehensive schemes of development to ensure increased production and a rapid rise in the standards of living of the rural population. These schemes may be grouped under the following heads:

"Firstly, there are projects for dealing with lands rendered unfit for cultivation by soil erosion and for checking the colossal losses of acreage and production caused by wind and water erosion. This subject of land utilisation and soil conservation has not however, received the attention in India which the seriousness of the problem demands. In the Bombay Province, work has been done for some years in Bijapur area and I understand that the results achieved are being examined. There is, besides, the problem presented by the spread of 'desert' conditions in North Gujarat owing to encroachments by the Runn of Cutch and the Rajputana desert. An expert commission to study land utilisation in India is an urgent need. Further, irrigation projects have been sanctioned all over India or are under investigation and these will lead to large increases in food production.

"Secondly, measures must be taken to improve agricultural methods by bringing the results of research to the fields, supplying better seeds and manures and introducing better methods of tillage, of fundamental importance under this head is to organise a countrywide campaign for the conversion of all village and town refuse into compost. Attempt should also be made to overcome the disabilities due to fragmented holdings and also to establish a more diversified agriculture—the growing of fruits, vegetables etc.—including dairy farming, poultry-rearing etc.

"Thirdly there should be carefully devised subsidiary occupations suited to different regions enabling agriculturists to work longer hours. Fourthly marketing and storage arrangements should be improved and the loss caused by insect and other pests minimised. Fifthly are problems connected with agricultural finance. Sixthly are allied measures for the benefit of the population, reform of land tenures rural education, communications, etc.

"All these problems have been studied in considerable detail by sub-committees of the Council of Agricultural Research and the reports have been published. One of these sub-committees has dealt with another vital question on which agricultural progress depends—how to guarantee to agriculturists a range of prices at which agriculture can be remunerative and save it from the ruinous effects of a depression like that of 1929-1936.

"The essential point underlying these programmes is the recognition that all sides of rural life are inter-related and that their improvement should be taken up simultaneously. Also, the execution of the plans is a matter of immediate urgency. The grave issues involved have been brought out in what has been already said; what is involved is the survival of the whole of the country's economy.

"The question should now be asked—what form of organisation is best adapted for the successful carrying out of such an all-embracing plan with a definite target viz., that of doubling the agricultural production within a period of about fifteen years?...There is a school of thought which goes farther and holds that there can be no appreciable progress unless the present pattern of agricultural economy in India undergoes a revolutionary change and the whole of India is brought under a system of Collective farms on the Russian model. I do not agree with this. Conditions in the two countries have no similarity whatever and in the U. S. S. R. collectivisation was achieved after colossal losses and suffering for which there are few precedents in history. India cannot stand a shock to its economic system of this character. It is also pertinent to draw attention to Dr. Collin Clark's summing

up of the position in regard to real income in Russia. He says, "The figure for Russia" i. e., of quantity of goods and services obtained per man-hour of work done, "stood at about .18." (U.S.A. being 1). "The Russian figure has shown a most disappointingly slow rise since 1913. I do not want to imply that before 1913 the increase was high but over the whole period from 1913 to 1939 the net real increase was extraordinarily small."

"My conviction is that, with a reorientation of its nature and aims, the co-operative system offers the best line of advance in India—and that it is possible to achieve under it the progress we have set before us as the target. The principle of Co-operation is capable of application to an infinite variety of conditions. This is its supreme merit. As the Royal Commission on Agricultural said: "The modern conception of the co-operative movement differs from that commonly held at the close of the last century; the term 'agricultural organisation' or better still 'rural reconstruction' expresses more accurately the nature of the activities included within the movement. It is now accepted that co-operative principles can be used in overcoming most of the obstacles to progress in rural communities. Wherever agriculture is the predominant industry, co-operation is commonly regarded as the natural basis for economic, social and educational development: and India is no exception". Every kind of activity included in the summary of development schemes I have given above lends itself to the application of the principle of co-operation.

"The organisation should be somewhat on the following broad lines. There will be at the top, planning by the Central and Provincial or State Governments and the organs connected with it. At the other hand, in the village itself, there will be a multi-purpose society which will 'enlist the mass of the cultivators in the campaign for their own improvement' and execute schemes of improvement considered necessary for raising the standard of living in it—advancing loans; buying whatever the agriculturists need; deciding what crops should be raised; distributing seeds and manures; possibly bringing about joint cultivation in the highly irrigated areas in which holdings are minutely divided and scattered and cultivation by tractors etc., in areas in which this is possible; arranging for grading and sale of produce; organising supplementary occupations etc. Groups of such societies will be under a union which will have technical staff whose duty it will be to advise individual societies. These unions will be under district societies with expert staff to provide advice and at the top a Provincial organisation in the closest touch with the Planning Authority. There will be besides special unions for marketing, financing and other purposes—all closely linked up with one another and general movement. Thus will the co-operative movement be widened and becomes the agency for rural reconstruction activities in their broadest sense.

"What we aim at is a dynamic psychological change in a population of nearly 300 million people—to bring about among them a passionate desire to 'live better': a consuming urge to improve their standards of life. A revolution like this can come only if the whole population is set to work on its own betterment: if it makes its plans and implements them under the democratic processes of the co-operative movement. Only in this way can we have long term permanent results. These cannot be produced by outside regimentation. This point is so obvious as to need no further elaboration. There are also other advantages in the universal application of the co-operative principles. When large scale development schemes are in operation, social and other problems of complexity soon emerge. To give only one example, it is found within a few years that all increases in national income resulting from development schemes are absorbed by increases in population that have occurred in the interval—that economic progress does not lead to a higher standard of living but only to increases in population. To deal with this evil, drastic changes will have to be made in laws of succession and possibly efforts will

have to be made to modify the traditional attitude in regard to birth control measures. With the co-operative movement coming face to face with such issues, the necessary changes will come more rapidly than otherwise. Further, with increasing efficiency in agriculture, there will have to be a steady displacement of populations from agriculture. Industrialisation even on a large scale cannot absorb all these; and the problem of replacing those displaced is best solved as it arises by the setting up of cottage and other industries on a co-operative basis.

"I have spoken so far of 'long term' schemes of development. But strenuous efforts are needed immediately all over India, to bring about increased production—of the order of about 10 to 12 millions of tons a year—within the shortest period of time, say 3 or 4 years for India as now. The reasons for this have been stated—the strain on available foreign currency imposed by the necessity for paying for imported food and the heavy cost of food subsidies. This objective can be realised if all Provincial and State Governments concentrate their energies and resources and enlist those of their people on three main lines of work.

"I. A nation-wide campaign for compost making should be organised. A machinery should be speedily brought into existence for seeing that this is done and for distributing compost and chemical manures—the food plan prepared by the Royal Institute of International Affairs suggests 1 maund of ammonium sulphate for an acre—to all irrigated land in areas of good rainfall. For this purpose, there should be a work party for each compact group of 20 to 30 villages with higher supervising and other agencies. The necessary supplies of chemical manures should be obtained by the Central Government for all Provinces and States and these latter should distribute to agriculturists at concession prices.

"II. Good seed—wheat, rice, etc.—should be grown and distributed on the widest scale possible.

"III. In areas in which irrigation wells can be dug without much difficulty, an extensive programme of well-sinking should be carried out: also small bunds should be constructed on rivers where facilities exist.

"In such a programme co-operative societies of all kinds can be of the utmost use: they can carry on educative work; distribute seed and manure in areas assigned to them and see that these are used according to directions given; and in other ways bring the official agency into the closest contact with the agriculturists. Eventually, the short term programme will merge into the long term operations.

"My own conviction, therefore, is that the co-operative movement can, and will, play a great part in the life of India. Co-operation is the natural basis for development of all sides of rural life and the movement should be the recognised agency for the execution of all projects for raising the people's standard of living.

"I have not spoken specially of the movement in the Bombay Presidency as a Committee under my friend, Sir Manilal Nanavati has made valuable recommendations on the lines on which the movement should develop in the coming years. I would, content myself with offering my congratulations to all those who are connected with the movement on the steady progress it is making."

The following were among resolutions passed at the Conference :—

"This Conference requests all marketing organisations to take up this opportunity of functioning as licensed warehousemen as soon as the Bombay Warehouses Act is brought into operation in this province."

"This Conference recommends that in view of the difficulties facing the consumers' movement in the province, arising out of the progressive decontrol policy of Government, individual consumers' stores societies should take steps to amalgamate themselves into larger economic units."

"This Conference records its appreciation of the recent Government policy adumbrated in the creation of Co-operative Tribunal under the amendments to the Bombay Co-operative Societies Act and the entrusting of co-operative education and training of even departmental staff to a non-official body. This Conference is of opinion that this policy of progressive de-officialisation should be extended particularly in cases of societies which are well managed and financially sound in the opinion of the Registrar, so that they may be left increasingly free to manage their own affairs to the maximum extent possible."

"This Conference is of opinion that the time has now arrived for the co-operative movement to take the necessary steps to secure direct representation in the legislative assembly and on all local and administrative bodies, with a view to safeguard its interests and also to voice effectively its demands. It urges the Provincial Co-operative Institute to take the steps needed for the purpose."

"This Conference is of opinion that the co-operative movement needs a greater measure of publicity than hitherto, and therefore urges on the Government the necessity of providing a special publicity officer to be attached to the Provincial Co-operative Institute, Bombay."

"This Conference is of opinion that the urban immovable property tax operates as a heavy and unexpected burden on the co-partnership housing societies and requests Government to exempt such societies from this tax."

"This Conference resolves that steps be taken by the Provincial Co-operative Institute to form a federation of housing societies of Greater Bombay whose objects shall be to co-ordinate the efforts and supervise the administration of member societies and to organise new societies and that similar federations be started for housing societies in each of the three linguistic divisions of the Province."

"This Conference recommends that Government and local bodies should not be permitted to levy local taxes on open lands owned by housing societies."

"This Conference views with grave concern the whittling down of the resolution of the Housing Board on financial assistance to co-operative housing societies of 3rd November 1947 by fixation of a maximum limit of Rs. 5,000 only as loan to a member of a society and calls upon the Government of Bombay to grant financial assistance fully up to the percentages laid down in the original resolution."

"This Conference is of opinion that co-operative farming is decidedly a better method of cultivation than cultivation of small and scattered holdings by individuals and it should therefore be introduced on an extensive scale. The Conference therefore recommends that the following measures should be adopted :

- i. Government should maintain specialised staff to survey local conditions, prepare schemes for co-operative farming and assist people in implementing them.

- ii. Government should declare the nature and extent and facilities and concessions by way of loans, subsidies, and other financial assistance which would be made available for such undertakings.

- iii. Government should provide adequate and qualified staff for the administration and supervision of co-operative farming societies.

- iv. Every effort should be made in the plan to guarantee minimum income to members by providing wherever necessary employment in subsidiary industries."

"The Conference is of opinion that the best way to develop co-operative farming is through spread of the multi-purpose ideal in co-operation, which will provide the necessary background and requisite training for the same."

EXTRACTS

AGRICULTURAL CREDIT ORGANISATION COMMITTEE IN BOMBAY GOVERNMENT'S ORDERS ON RECOMMENDATIONS

After studying the position of the co-operative financing agencies and examining their ability to absorb new clientele, the Agricultural Credit Organisation Committee has come to the conclusion that the existing co-operative agencies can, with suitable reorganisation and State aid, carry out the work of the Agricultural Credit Corporation and in view of this it is not necessary to start an Agricultural Credit Corporation. Further, the representatives of the various financing agencies, whom the Committee met have readily agreed that if co-operative banks were to be considered a suitable substitute for an Agricultural Credit Corporation, they must satisfy certain uniform standards of business and administration which the general public would expect them to maintain. Government is, therefore, pleased to accept the Committee's recommendation that it is not necessary to establish an Agricultural Credit Corporation and that co-operative agencies can carry out its work and to pass the following orders on the various recommendations made by the Committee.

Reorganisation of Rural Credit Structure

Nomenclature of primary societies:—The Committee recommends that:—(i) credit societies which have taken up non-credit activities should be designated as multi-purpose societies, (ii) the variety of nomenclature which is in vogue in this Province for various types of rural primaries is confusing and it would be desirable to limit the categories of primary societies in rural areas. This recommendation is accepted.

Future registration:—The Committee's recommendation that the normal policy should be to organise multi-purpose societies only and to convert existing village societies into multi-purpose societies preferably on the same liability is accepted. The conversion of the existing societies into multi-purpose societies should be attempted as far as possible.

Liability:—The Committee's recommendations are:—"A free hand should be allowed to agriculturists to form their societies on limited or unlimited liability basis. If the large land-holders want to have a limited liability society, they should be free to do so, but in such cases the requirements of the poorer classes should not be ignored."

This principle has already been accepted by Government and it is proposed to recast section 5 of the Bombay Co-operative Societies Act, 1925, and also to insert a new section (16-A) enabling an agricultural credit society to change its liability from limited to unlimited and *vice versa*, when it chooses to do so.

Maximum membership:—The Committee recommends that if the co-operative movement is to serve the maximum number of agriculturists there should be no numerical restriction on membership. Government accepts this recommendation.

Co-operative Credit Association:—The Committee recommends that co-operative credit association for big agriculturists may be registered on a limited liability basis. They should be in a position to sanction larger loans which exceed the normal individual limits of village credit societies; Government accepts the recommendation.

Individual loan limits:—The Committee's recommendation is: "It would probably be in consonance with the present level of prices and cost of cultivation, if the limits for short term and intermediate loans are raised from Rs. 200 to Rs. 300 and from Rs. 400 to Rs. 500 respectively. It would also be desirable to link

individual loan limits with the assets of the borrower and his repaying capacity rather than to regulate them on a mechanical basis."

Government considers that there is no objection to the raising of the limit. As regards the second point, it is necessary to see that funds of a society are not locked up only in advancing loans to bigger land-holders and that the needs of the poor cultivators are adequately met. The Registrar should examine the present procedure and report his views to Government.

Local deposits :—The recommendation is: "A co-operative credit society should be a real village bank and local deposits should be the primary source of its funds. Of course, safeguards will have to be evolved for safety of funds and repayment of deposits and, as a general rule, receipt of demand deposits by village societies should not be encouraged."

The bye-laws of the multi-purpose societies already provide for acceptance of savings deposits. The Registrar should examine the question of encouragement of members' and other local deposits in co-operative societies and submit his report to Government.

Prompt finance :—The Committee has discussed the existing procedure for sanctioning loans by co-operative societies and the reasons for delay. It has also suggested certain measures for eliminating the delay. The revised procedure suggested by the Committee for sanctioning of loans by primary societies should be adopted. It is necessary to provide for certain degree of elasticity in the finance to borrowers by allowing them to take loans as and when necessary within the limits of their credit-worthiness instead of dispensing such loans in lump at one occasion. Provision is also necessary for supplementary credit against standing crops for late seasonal operations. The cash credit system also needs to be developed to provide elasticity and convenience.

Agencies for supervision :—The recommendation reads as follows: "Apart from audit, the work of a co-operative society is at present checked by two agencies—the Supervisor and the Bank Inspector. This question should be re-examined, both to effect economy and to ensure efficiency. Under a reorganised scheme it should be possible for the banks to dispense with majority of their inspectors and reduce this expenditure. They should, however, have closer control over supervisors. For this purpose, we recommend the adoption of arrangements similar to those adopted in the Ahmedabad district, where entire field staff is controlled by a staff committee consisting of the Assistant Registrar and two nominees of the Central Bank who represent the rural and urban side of the movement.

The Registrar should consult the District Central Banks and the Bombay Provincial Co-operative Bank and submit to Government agreed proposals in this respect.

Recoveries :—The recommendations are:—

(i) "To minimise delay in this respect we recommend that the Assistant Registrars of Co-operative Department should have powers without undergoing procedure of arbitration to grant certificates for summary recovery of loans in indisputable cases, where they are satisfied that the loans have been defaulted and have become irrecoverable without recourse to coercive processes. This provision exists already in respect of land mortgage banks and deserves to be extended to the dues to other co-operative societies also.

(ii) "We further suggest that the special recovery officers should be appointed and controlled by the Registrar as is the case in Madras."

(i) Since speedy recovery of outstanding dues and arrears of co-operative societies generally is absolutely necessary, Government is pleased to accept the

recommendation made by the Committee regarding the adoption of the procedure laid down for the recovery of the dues of the land mortgage banks in section 59-B of the Bombay Co-operative Societies Act, 1925, in respect of recovery of dues of co-operative societies also in cases where the arrears and the society's claim are not disputed by the debtor. The Registrar should submit proposals for amendment of the Bombay Co-operative Societies Act and the rules thereunder to achieve this object. The requisite amendment to section 59-B of the Bombay Co-operative Societies Act, 1925, so far as recovery of crop finance dues are concerned has been incorporated in clause 35 of L. A. Bill No. VIII of 1948.

(ii) Special Recovery Officers are at present under the control of the Collectors of the districts concerned. The Committee, however, recommends that these officers should be appointed and controlled by the Registrar as is the case in Madras Province. The Commissioners of Divisions should favour Government with their remarks on this proposal.

Charge on the property of the members:—The recommendation is that an automatic charge on a specified portion of the property of a borrowing member should be created by law with a view to render it inalienable so long as the member is in debt. The requisite amendment has been incorporated in clause 14 of L. A. Bill No. VIII of 1948.

Rates of interest:—The Committee has recommended the following measures for the purpose of making short-term credit available to members of co-operative societies at low rates of interest:—

(i) Central banks should advance money to co-operative societies at 4 per cent or less.

(ii) Co-operative societies should work within a margin of 2½ per cent.

(iii) Efforts may be made to employ village teachers as part-time secretaries.

(iv) A Society charging more than 6½ per cent interest should be debarred by law from declaring a dividend of more than 4 per cent.

(v) The societies should cut down their expenditure by adopting as many of the following measures as are feasible:—

(a) By increasing their size with a view to enable them to run as economic units; (b) By collecting local deposits, where feasible, at low rates of interest; (c) By undertaking multifarious activities with a view to supplementing their profits. (d) By cutting down all avoidable overhead expenditure.

The above suggestions are reasonable. The Registrar should advise all societies accordingly. Section 33 of the Bombay Co-operative Societies Act, 1925, is being amended with a view to provide for the limitation of dividends—*vide* clause 19 of L. A. Bill No. VIII of 1948.

Target:—The Committee has endorsed the view expressed by the Saraiya Committee that an attempt should be made to bring 50 per cent of the villages and 30 per cent of the rural population within the ambit of the re-organised primary societies within a period of 10 years, in two five-year periods and remarked that this should not be done at the expense of sound organisation.

It is clear from the Committee's report that the co-operative movement cannot cover the entire Province—partially excluded areas, famine tracts, backward hill tracts, etc., may remain outside its scope for the reasons mentioned in the Report. Since in these areas also, the needy agricultural borrowers will have to be catered for, Government will have to devise means like tagai, grain depots, etc., to meet their requirements. It is to be hoped, however, that in course of time the Bombay Provincial Co-operative Bank, Ltd, would be able to extend its operations as in Dohad and Jhalod talukas to other backward areas.

Secondly, the Report indicates that the 8 lakhs more of credit-worthy borrowers who are at present outside the pale of the co-operative movement will be covered in ten years. The aim of Government is to provide immediately financing agencies alternative to the money-lender to obviate relapse into heavy indebtedness. Co-operation is a voluntary process, and it may not be possible for it to show immediate results though Government does not consider that because of the time factor alone, the co-operative movement should be replaced by an Agricultural Credit Corporation, yet it is clear that the ten-year period would be too long in view of the object it has in mind, viz., immediate fortification of the agricultural borrower against relapse into irrational indebtedness and his dependance on the village money-lender. Every effort should, therefore, be made to accelerate the pace of the co-operative movement. Collectors have been directed to give full help through their subordinates by way of active propaganda, sympathetic guidance, etc., to the district officers of the Co-operative Department, in this respect.

Closer control over secretaries:—The recommendation is that secretaries should be recruited from the villages where they are serving and that they should be properly trained and suitably guided. Since local secretaries will be more economical, this recommendation is accepted. Village guides and rural assistants wherever available should also be utilised as secretaries for co-operative societies.

Rural development activities:—The recommendation is that efforts should be made to make the village co-operative societies, whether credit or multi-purpose, efficient instruments of rural rehabilitation. The Registrar should impress this recommendation on the officers of the Co-operative Department and workers of the co-operative movement.

Banking unions:—The Registrar should arrange for the supply of the instructions drawn up by the Reserve Bank of India for organisation of banking unions to the officers of the Co-operative Department for their guidance. Government is prepared to consider the question of granting a subsidy in the initial stages of a banking union on merits in each case.

Long-term finance and rates of interest:—The recommendations of the Committee are:

(i) The Provincial Co-operative Land Mortgage Bank, should not be merged with the Provincial Co-operative Bank but should continue to function separately as at present.

(ii) The work of primary land mortgage banks which are working at a loss should be transferred to the central financing agency operating in the area concerned. The latter should keep a separate department and obtain funds, from the Provincial Land Mortgage Bank and carry out all the existing safeguards about scrutiny of applications for loan.

(iii) New land mortgage banks should not be encouraged.

(iv) Land mortgage banks should have full liberty in selection or rejection of awards passed under section 33 of the Bombay Agricultural Debtors Relief Act, 1947. The banks should be consulted before awards are passed.

Government accepts the Committee's proposal that the Bombay Provincial Co-operative Land Mortgage Bank should not be merged with the Bombay Provincial Co-operative Bank, Ltd.

The Land Mortgage Bank, Surat, has been merged with the Surat Central Co-operative Bank. Similar action in areas where primary land mortgage banks are working at a loss may be necessary. The Registrar should examine this question in consultation with the banks concerned and report the result to Government.

Provided arrangements are made by the Provincial Land Mortgage Bank to take up work in the areas not served by local banks, Government accepts the proposal.

The question (iv) is being examined by Government separately.

Rates of interest:—The Committee has observed that it will not be possible for land mortgage banks to advance loans at 4 per cent, as recommended by the Gadgil Committee unless Government gives substantial assistance for this purpose. The Committee has left the question at this point and not recommended the extent of the substantial assistance. No orders of Government are, therefore, called for.

Co-operative marketing:—The Committee has recommended that :—

(i) There should be complete harmony and close co-ordination between the working of the credit institutions and marketing organisations.

(ii) Members of co-operative societies should sell their produce through co-operative marketing organisation.

(iii) Arrangements for marketing could be improved by :—

(a) grading and standardisation of staples,

(b) proper storage facilities,

(c) creation of properly regulated markets.

(iv) Establishment of licensed warehouses,

(v) Grant of assistance on the lines allowed by Madras Government for construction of godowns by co-operative societies.

(vi) Appointment of a small Committee to consider the problem of co-operative marketing and to recommend the lines on which the future development of co-operative marketing should be guided and proper co-ordination of various units secured.

(i), (ii) and (iii). Accepted. The Registrar should arrange to give effect to these recommendations as far as possible.

(iv) The Bombay Warehouses Act, 1947, has recently been enacted. Steps will be taken for the establishment of licensed warehouses after rules are framed.

(v) Government has recently ordered that loans up to a limit of Rs. 5,000 or half the cost of the godown, whichever is less should be advanced to co-operative societies for construction of godowns. The rate of interest on such loans has also been reduced to 3½ per cent, per annum.

(vi) Government does not consider that the appointment of such a Committee is necessary at present.

Reserve Bank of India:—The Committee's recommendations are :—

(i) The procedure and arrangements for assistance to the Provincial Co-operative Banks by the Reserve Bank in emergencies should be clearly laid down so that there should be no delay or difficulty in meeting the requirements of the Provincial Banks in times of stringency.

(ii) The period of loans for agricultural operations should be extended from 9 to 15 months by the Reserve Bank which should also arrange for easier negotiability of Co-operative paper.

(iii) The principle of the borrower being independent of the warehousemen should be waived in case of co-operative societies.

(iv) If a co-operative society functioning for marketing has stocks of agricultural or other produce such stocks should be eligible as security for

advances from the Reserve Bank which should be satisfied with the signature of the marketing society *plus* the Provincial Bank.

(v) The Reserve Bank may consider the desirability of reducing the rate of interest, at which funds are made available to Provincial Banks for marketing of crops on the condition that the benefit of lower rates is passed on to the ultimate borrower.

(vi) The Reserve Bank does not accept the debentures of co-operative land mortgage banks as eligible security on the ground that they are not marketable. As interest and principal of these debentures are guaranteed by Provincial Government, the Committee hopes, it would be possible for the Reserve Bank to revise, its attitude with regard to these debentures.

(vii) The Reserve Bank has laid down a condition that a Provincial Bank which wants accommodation should maintain with it not less than 2½ per cent of demand, and 1 per cent of the time liabilities without receiving any interest for the same. The Committee recommends that the Reserve Bank should not insist on such a condition which is not statutory.

(i), (ii) (iv), (v), (vi), and (vii) The Committee has observed that many of these proposals are engaging the attention of the Reserve Bank, which will be addressed by Government in the matter.

(iii) This view has been already accepted—*Vide* section 21 of the Bombay Warehouses Act, 1947.

Free remittance facilities:—Co-operative societies enjoyed this facility for a long time. This has been lately withdrawn. The Committee recommends that facility should be restored. Orders on this point will be issued separately in consultation with the Reserve Bank of India.

Rural Credit Board:—The Committee has recommended the appointment of a Rural Credit Board which might meet twice a year and generally review the arrangements for rural finance including those made through co-operative credit societies. The personnel of the Board is to be :—

1. Honourable Minister in charge of Co-operation—Chairman.
2. Secretary or Deputy Secretary, Finance Department.
3. Secretary or Deputy Secretary, Revenue Department.
4. Chairman, Bombay Provincial Co-operative Bank.

} Two persons nominated by Government.

7. Registrar of Co-operative Societies and Director of Agricultural Marketing and Rural Finance—Secretary.

This Board should keep in touch with the manner in which arrangements for rural credit are working and consider complaints and reports received about these arrangements.

The question of constituting such a Board will be considered by Government after all arrangements regarding rural finance are settled.

Special Arrangements for Co-operatively Undeveloped Areas

Partially Excluded Areas:—The Committee favours the extension of the co-operative system for areas where conditions, similar to those in Dohad and Jhalod talukas in which the co-operative movement has made considerable success, exist. Government accepts this proposal.

Famine Areas and Areas With Restrictions on Alienation of Land

The Committee has left such areas for advances either through tagavi or grain banks to the State till the system of land tenures is reformed or land is made alienable for co-operative finance. Government considers that there is scope for development of the co-operative movement in areas with restrictions on alienation of land.

Lines of State-Aid

The Committee has remarked:—

“Rural finance is fraught with risk and a certain measure of State assistance will be necessary if a satisfactory agency is to be set up or maintained for providing finance in rural areas. The need for such State assistance has increased on account of the rates of interest recommended by the Gadgil Committee and the fact that Government has asked us to evolve a scheme by which co-operative societies can provide agricultural credit on the lines envisaged by that body.”

The Committee has discussed the lines on which Government assistance should be granted to different types of co-operative societies, viz., primary societies, district central banks and banking unions, Bombay Provincial Co-operative Bank, Ltd., and the Bombay Provincial Co-operative Land Mortgage Bank, Ltd. Orders on these recommendations are passed in the following paragraphs.

Primary societies:—The Committee has recommended that State-aid to primary societies may have to be given in the following form :—

(i) Assistance towards meeting the expenditure on the cost of secretaries of rural credit societies,

(ii) Subsidies to multi-purpose societies,

(iii) Increased expenditure over the departmental staff, both for organisation and administration of co-operative societies,

(iv) Building up of a Rural Stabilisation Fund.

(i) The Committee's recommendation is that Government should contribute towards the cost of the salaries of the secretaries if the societies are unable to do so on condition that societies registered on unlimited basis distribute no dividend in respect of the years for which grants are given and contribute all they can towards their secretarial expenditure without increasing their lending rate beyond 6.25 per cent. This assistance should be available to the societies up to the first ten years of their existence. Dividend up to the bank rate may be allowed in the case of societies registered on the basis of limited liability as otherwise enough share capital may not be attracted. The Committee has suggested that grants to the extent of one per cent of the total working capital of the rural primaries should be placed at the Registrar's disposal and the Registrar empowered to give grants to a society up to a maximum of 2.5 per cent of its working capital. The Registrar should furnish Government with an estimate of the expenditure involved.

(ii) For multi-purpose societies, a subsidy for the first five years on a descending scale has been recommended as follows :—

Rs. 300 for each of the first three years, Rs. 200 for the fourth year and Rs. 150 for the fifth year or half the cost of management and propaganda in any particular year whichever is less.

Such assistance is already being granted by Government.

(iii) Proposals for increase in the staff of the Co-operative Department will be considered on merits.

(iv) The recommendation is that such a Fund should be built up by Government by contributing annually for a period of five years, one per cent of the outstandings of the co-operative societies towards this Fund which can be drawn upon by Government in an emergency for rendering assistance to the Bombay Provincial Co-operative Bank, Ltd., central banks and village primaries. The recommendation will be examined in connection with the proposals for the grant of State-aid to district central banks and the Bombay Provincial Co-operative Bank. The proposals are still under discussion with the Bombay Co-operative Banks' Association and the Bombay Provincial Co-operative Bank.

Bombay Provincial Co-operative Land Mortgage Bank, Ltd.:—The Committee has recommended the following measures:

(i) Government should guarantee both interest and principal on long term debentures that may be raised by the Bank from time to time.

(ii) The Provincial Bank and its agencies may be given technical assistance, free of cost, especially for development finance—

(a) in regard to examination of schemes of development, and

(b) for land valuation.

The Registrar should submit his remarks on both the proposals to Government.

The Registrar of Co-operative Societies and Director of Agricultural Marketing and Rural Finance should ascertain from the Bombay Provincial Co-operative Land Mortgage Bank Ltd., District Central Banks, etc., whether they are agreeable to work out the scheme of rural finance on the lines indicated by the Nanavati Committee and the orders of Government thereon and intimate the result to Government. No expenditure should be incurred on the scheme unless and until it is brought into effect with the approval of Government.

—*Bombay Co-operative Quarterly*, July, 1948.

BRANCHES OF THE BOMBAY PROVINCIAL CO-OPERATIVE BANK

The number of branches of the Bombay Provincial Co-operative Bank was 53 in ten districts. Two new branches were opened at Matar and Thasra and one branch at Jhalod was closed due to the establishment of the Poorva Panchmahals Co-operative Banking Union. It is intended to close the branch at Dohad and transfer the working of financing the societies in both Dohad and Jhalod to the Poorva Panchmahals Co-operative Banking Union in the near future. Requests for opening new branches were received from several centres during the year. Government were also addressed in the matter of assistance for opening branches for the finance of adjusted debtors in case of their proving uneconomic. Government have kindly consented to contribute towards the losses of uneconomic branches opened with this object in view for the first few years.

**EFFECTS OF WAR ON INDEBTEDNESS OF MEMBERS OF
CO-OPERATIVE SOCIETIES IN BOMBAY PROVINCE
(DURING 1939-40 AND 1943-44.)**

Summary of a Report By Prof. D. R. Gadgil

(Published in the Bombay Co-operative Quarterly, July, 1948.)

This survey of rural indebtedness was undertaken by the Bombay Provincial Co-operative Institute in order to ascertain the effects of War on the economic position, especially in relation to debt, of members of primary co-operative societies... It is, however, expected that the varied types of conditions that it was possible to cover even in this small survey by the method of selection adopted gives results which, if they cannot be said definitely to be representative of particular tracts, are at least illustrative of a large variety of conditions.....It is likely that the bulk of the members of co-operative societies, especially in some tracts in the sample are drawn from the middle strata of the peasant community and that it does not contain a proportionate representation of the substantial class of farmers and possibly does not contain a full proportion of the marginal and sub-marginal farmers.

A series of misfortunes were encountered by the investigator who was put in charge of societies in Gujarat. As a result he could not cover more than a total of about 200 persons and in most cases his coverage of individual societies was low. It was, therefore, not thought worth while to tabulate data collected by him exhaustively and incorporate it in this report which is thus confined to data collected for Karnatak and Maharashtra. In these two regions, the total number of societies whose membership was studied was 29 and the total number of persons studied was 1,601. On receipt of the questionnaires filled in by the investigators, it was decided that the work of tabulation should be entrusted to the Gokhale Institute of Politics and Economics and that the report should be written by Prof. D. R. Gadgil.

The region of the Karnatak has been divided into four tracts for the purpose of the survey which have respectively been called: (i) Below Ghats, (ii) Paddy (Dharwar), (iii) Tobacco and (iv) Famine.

Judging the various tracts by the change in the total debt position at the end of 1943-44, it appears that the debt increased, on an average, in the Paddy and Famine tracts and decreased in the 'Below Ghats' and the Tobacco tracts. The increase in the average debt for the Paddy tract represents less than 14 per cent of the debt in 1939-40. The size of this debt, as noted above, had been the smallest, on an average, among all the tracts in 1939-40. The average increase during the intervening period is significant, though not large. The position varies from group to group. There is an actual diminution of the average debt by nearly 30 per cent for the group of largest farmers, that is, for those who operated more than 40 acres of land. There is an increase in the debt for all the other groups of farmers in the tract. The increase is, however, not graded uniformly; the highest proportionate increase is for those operating less than 5 acres and for those operating between 10 and 20 acres and much less in proportion for the remaining two sub-groups. The highest proportionate increase in total debt is for the sub-group below five acres which more than doubled its 1939-40 debt by 1943-44. The persons in the sub-group 10-20 acres is more than 55 per cent. Even this increase, however, does not bring the total average debt of this group in 1943-44 to a level higher than that of the group operating five to ten acres.

The increase in the total debt of the Famine tract cultivators is small, being on an average less than 6 per cent of the debt in 1939-40. All except the smallest group, *i.e.*, of five to ten acres, record an increase in debt. The amount of the average increase in each sub-group increases with the decrease in size. This

result is consistent with the hypothesis that over certain periods Famine tracts exhibit a deficit economy and that the smaller the size of operations, the greater is the proportionate deficit.

The other tract in the Karnatak region which may be said to represent deficit economy conditions, the 'Below Ghats' tract does not record an increase in average debt between the two years. It records, on the other hand, a small decrease of about 6 per cent. The decrease is specially marked for the cultivators operating more than 10 acres. The ten to twenty acres group shows a decrease in the average debt of a little less than 18 per cent. The decrease in the debt of cultivators operating five to ten acres is much less marked being only about 7 per cent. On the other hand, the group containing the largest numbers in this tract, that of cultivators operating less than five acres, shows an increase in debt by about 9 per cent. The indications here are of conditions which are in the main stagnant and in which also the small size is seen to be an economic handicap.

The Tobacco tract is the only one that appears to have profited in a substantial measure because of war years. The average reduction in the size of the debt is almost equal to 28 per cent of the debt in 1939-40. On a closer examination of the figures, it is however, seen that the abnormally high figures of one particular group in this region, the 10 to 20 acre farms give an exaggerated idea of the average decrease. If these abnormal figures are omitted from consideration, it is seen that the reduction in average debts is not very high. The average reduction in debt of farmers operating between 20 to 40 acres is about 12 per cent of the debt in 1939-40. On the other hand, for those operating between 5 to 10 acres, there is an average increase of about 4 per cent, while the group containing the largest number, that operating below five acres shows an increase in the debt of over 38 per cent of the debt in 1939-40.

On a general review of the position, it would appear that the results of war years have not been as favourable to the Karnatak farmers included in this survey as might have been expected. Significant benefits, as reflected in the total debt position, seem to have accrued only to farmers operating a more than ten acre holding in the Tobacco and the Below Ghats tracts. On the other hand, the position of the smallest holders, that is of holders below five acres, even in the Below Ghats and Tobacco tracts, where they are numerous, seems to have worsened as measured by the size of the money debt during the same period. The Paddy and Famine tracts, as a whole, do not seem to have benefited from war years.

The region of the Deccan has been divided into five tracts: (i) Canal Irrigation, (ii) Paddy, (iii) Well Irrigation, (iv) Dry and (v) Cotton.

In both the Canal and Well Irrigation tracts, the average debt has decreased during the years under consideration. The decrease in the Canal Irrigation tract amounts to almost 60 per cent of the debt in 1939-40 for the groups of cultivators operating acreages between 10 and 20 and above 40. The next largest proportion of decrease is for cultivators operating between 5 and 10 acres. The proportion of the decrease in the average debt of the group, 20 to 40 acres, is smaller than of the groups mentioned above. There is an actual increase of the average debt of the small number of cultivators who own less than 5 acres. For the Canal Irrigated tract, a holding of less than 5 acres is so small that this group may effectively be considered as of almost non-cultivators.

The average decrease in the debt of cultivators in the Well Irrigation tract is about 20 per cent of the debt in 1939-40. The reduction in debt is proportionately the highest in the group of cultivators operating 5-10 acres amounting to approximately 40 per cent of the debt in 1939-40. The reduction is about 25 per cent for those who operate between 20 to 40 acres. For the other two groups, the reduction is small being a little over 10 per cent in the group of smallest holders, that is those operating less than 5 acres, and almost negligible, less than 3 per cent for

the group operating 10 to 20 acres. The small proportion of the decrease in debt in groups with fairly large holdings in both Canal and Well Irrigation tracts deserves notice. It is clear from all the data relating to various groups within the Canal and Well Irrigation tracts that the average and economic size of holding, in terms of adjusted acres, is definitely larger in the Canal Irrigation tract than in the Well Irrigation tract.

The reduction in the average debt of farmers in the Cotton tract is roughly 35 per cent of the debt in 1939-40. The distribution of this average decrease is, however, far from being uniform. In the group of farmers holding more than 40 acres, the reduction of the debt is more than 50 per cent whereas in the next group, that is, of those operating between 20 and 40 acres, it is less than 20 per cent. It is more than a third in the groups of operators of land between 5 and 10 acres and 10 and 20 acres but is small being less than 8 per cent for those operating less than 5 acres.

The Dry tract shows a small average decrease of about 9 per cent. The direction and percentages of the variation vary considerably from group to group. The decrease is the highest, a little less than 50 per cent for cultivators operating less than 5 acres of land. This is obviously due to circumstances other than those connected with agriculture. The non-agricultural income of members of this group in 1943-44 was substantially higher than that of any other group in the tract and the reduction of the debt must obviously be attributed to that factor. In the best of conditions, a dry acre holding of less than 5 acres cannot be expected to yield a surplus enabling a substantial reduction of the debt in a four-year period. Eliminating this group, the highest reduction—about 30 per cent is that for holders operating more than 40 acres ; the group 5-10 acres shows a reduction of about 12 per cent and the smallest approximately 5 per cent is for holders operating between 10 and 20 acres. The farmers operating 20 to 40 acres, on the other hand, show an increase in debt by over 10 per cent.

The reduction in the average debt in the Paddy tract is about 40 per cent. The size of the debt in this tract and the proportion of reduction, are weighted by the figures for the 3 persons operating areas above 40 acres. Eliminating these from consideration, the reduction is highest in the group of those operating between 5 and 10 acres, amounting to almost 30 per cent. In the group of those operating between 10 and 20 acres, the reduction is somewhat less than 20 per cent, while it is only about 7 per cent for the smallest group operating less than 5 acres.

On the showing of the survey, the farmers in the Deccan, in various tracts, seem to have done better than the farmers in the Karnatak during the war years under review, with the exception of two groups. One of very small cultivators operating less than 5 acres in the Irrigation tract and the other of 20 to 40 acres farmers in Dry tract. Farmers in all other groups in all tracts seem to have been able to decrease their debt. The proportion of the decrease, however, varies considerably from less than 3 per cent to more than 55 per cent and in almost all tracts it is not uniformly correlated to variations in the size of the holding.

This feature of the general reduction in the average debt is equally marked in the group of non-cultivators. Except for the group with the lowest incomes in the Well Irrigation tract, all tracts have been able to decrease their debt during the four years considered in the survey.

THE MILK PROBLEM IN INDIA

The regeneration of the milk industry is a matter of extreme urgency since it is vitally linked with the economic prosperity of the country in several ways. Apart from its intrinsic importance as a valuable food, milk together with its derivatives, constitutes the only source of animal protein and protective substances for the vast majority of the people, who are accustomed to a rigid vegetarian diet. In addition, dairying is closely connected with agriculture which is the mainstay of Indian economic life, and unless an efficient milk industry is in existence, no successful agricultural policy can be formulated.

India is credited to possess the highest milch cattle population in the world (66.4 millions according to 1941 census), the total annual output of milk is only about 6,400 million gallons i. e., 96.4 gallons per head of cattle and 8 oz. per head of human population. In contrast to this, about 11.8 thousand million gallons of milk were produced in the United States of America annually during the war years with only 25.3 millions of milch cattle, which works out to 466 gallons per head of cattle per lactation and 35 oz. daily per head of human population. The average *per capita* consumption of milk (including milk products) in India is only 7 oz. as against the minimum of 21 oz. required from the standpoint of balanced nutrition. The actual amount of fluid milk reaching the consumers would be still less since only about 30 per cent of the total milk production is available for consumption, the rest being utilised for milk products' manufacture, mainly ghee. The serious effects of this low consumption of milk are strikingly manifested in the high infant mortality rates and the appalling state of ill-health among nursing mothers, children as well as the general population of the country... ..

The main factors responsible for this deficiency of milk supply are recognised to be (i) the poor productive capacity of the milch animals, (ii) the concentration of milk production in isolated pockets of the country without any facilities for transporting milk to deficit areas, and (iii) the enormous wastage of milk due to souring or other causes or its conversion into uneconomic products. With greater attention being paid in recent years to better methods of feeding, selective breeding and scientific management of the herd, considerable increase in the yield has been effected and further improvement is in sight.

The outstanding importance of milk as a human food is due to the highly nutritive substances which make up its unique composition and its pleasing flavour. Any of these may be seriously impaired due to bacterial activity, physiological or pathological abnormality of the udder, drastic heat treatment and adulteration apart from the effects of improper feeding and certain natural causes. Milk is thus highly perishable in nature and it is always susceptible to microbial infection from the time of its production till its utilization. It is also easily infected by pathogenic organism derived from the animals, human personnel or other sources and is known to communicate several serious diseases like tuberculosis, brucellosis and typhoid to mankind.

The production of clean and safe milk, with its natural properties unimpaired, is beset with considerable difficulties. It is only after years of intensive research work and the coordinated efforts of the trade, State authorities and the consuming public, that these intricate problems were overcome in countries like the United States, England and Denmark and great advances made in market milk industry. Till about the end of the nineteenth century, there was no organised milk industry in these countries. Sanitation in milk production was unknown. Adulteration with water and addition of preservatives were extensively practised and outbreaks of milk-borne diseases were very common. Within the course of just three or four decades, the methods of milk production and marketing were thoroughly revolutionized and remarkable improvements made in

the standard of market milk supply. The principal steps taken were (i) the early rationalization of the methods of milk production and marketing on a collective and organized system, (ii) introduction of sanitary methods in all aspects of the industry, (iii) control and detection of disease infection in the herds, (iv) proper arrangements for the cooling, processing and distribution of milk soon after production, (v) quality control of market milk, (vi) pasteurization as a means of rendering milk safe and prolonging its keeping quality, (vii) employment of mechanical refrigeration in rail and road transport of milk, (viii) official regulations for controlling the production and handling of milk and grading of market milk.

The present state of market milk industry in India is more or less similar to that prevailing in Western countries at the end of the 19th century...Fortunately, milk is universally boiled before consumption and this practice has saved many of the likely victims from serious diseases. Adulteration of milk with water and addition of substances like starch, flour and other substances are widely prevalent. The task of raising the standard of milk production from the present state is certainly a formidable one. The practice of adulteration may be expected to be controlled gradually with the introduction of strict legal measures and the elevation of the economic standard of the people concerned. The improvement in the bacteriological quality of milk is, however, fraught with exceptional difficulties in this country...The types of micro-flora predominating in milk in this country are said to possess a high degree of resistance towards heat and other adverse conditions, while they are remarkably active in bringing about biochemical changes leading to the rapid deterioration of milk. Secondly, high temperatures prevailing here favour a rapid multiplication of bacteria and even the cleanest available milk has a comparatively shorter life while in Western countries, the low atmospheric temperatures provide a natural system of refrigeration and even the worst types of milk will have an appreciably longer life as compared with the average quality of milk here....

It has also been stated that pasteurization, which has proved so valuable in Western countries in increasing the keeping quality of milk, is not very efficacious for general adoption here due to the high incidence of heat-resistant flora in milk in India which survive the process and bring about rapid spoilage of the heat-treated milk unless it is stored in a refrigerator.

The whole problem, therefore, merits very careful consideration and there is an urgent need for the speedy inauguration of an equitable national policy for improving the quality of market milk. It is necessary at the same time to launch effective programmes for cattle improvement and augmentation of milk production. A full-fledged quality control programme cannot be successfully implemented under the existing scattered conditions of milk production.....It will then be possible to rebuild the whole system of milk production on a collective basis so that clean and safe milk could be economically produced in rural areas and supplied to the nearest consuming centres without neglecting the needs of the villagers.....

The difficulty of transporting liquid milk over long distances from milk pockets to deficit areas brings out the necessity of starting milk drying and condensing factories in suitable places at a very early date. All these developments can be undertaken only on a long-range basis and they would necessarily take some time to materialize. In the meanwhile, since the problem of milk shortage is so acute, some immediate steps are called for in exercising some sort of control over the large-scale handling of milk in larger cities and towns and in organizing some form of consumers' milk stores, either under municipal control or on a co-operative basis, where milk can be purchased from villages and stored at a low temperature for retail distribution to the people.

—*Indian Farming*, April, 1948.

FIVE-YEAR PLAN FOR PRODUCTION OF MILK IN INDIA

Scheme by the Dairy Development Adviser, Government of India.

A proposal for a Five-Year Milk Plan embodying specific projects designed to bring about an over-all increase of milk production of 758 lakhs of maunds in all Provinces over a five-year period, has been drawn up by Dr. Zal R. Kothavalla, Dairy Development Adviser to the Government of India.

The Plan in general aims at bringing about improvements with regard to cattle and milk by improving the lot of the cultivator-milk-producer through the improvement of his cow and organising the production, handling and marketing of milk on an economic and satisfactory basis.

The Plan has been drawn up in five parts. Part I brings out the present position with regard to cattle and cattle feeds, milk and milk products and other cognate matters such as dairy education, research and equipment. Part II indicates the possible ways and means of improving the dairy industry of the country. Part III gives an idea of what constitutes the Five-Year Plan. Part IV indicates the work each Province will have to do to fulfil the Plan, and Part V contains the proposals for the implementation of the Plan.

In the proposed Plan, the following eight specific projects are envisaged: (1) milk-cum-bull breeding farms, (2) small-holder milk production farms, (3) colonisation of dislodged urban cattle, (4) artificial insemination, (5) cross-breeding of inferior milch cows in hilly regions, (6) co-operative milk unions, (7) co-operative rural creameries and (8) production of green fodder and silage.

The programme of work under each project is extended over five years. For the successful execution of the different projects a total of about 6,400 technicians will be required over the five years' period. In addition, equipment such as steam boilers, refrigerators, etc., will have to be imported and their cost is estimated at Rs. 10 crores.

Distribution in rural areas :—The only organisation that can meet the demand for a continuous supply of good milk is a chain of dairy farms established on sound lines. These are recommended for providing a continuous supply of good milk, especially to the vulnerable groups of population in towns and cities, and producing a large number of high quality 'seed bulls' for distribution in rural areas. A total of 117 farms is proposed to be established near towns and cities. Three sizes of farms are proposed for producing 25, 50 and 100 maunds of milk daily. The first type is proposed for towns with a population between 50,000 and 75,000; the second type of farms for towns with a population between 75,000 and 1,50,000 and the third type of farms for cities with a population above 1,50,000. The farms when fully established in the fifth year will maintain a strength of 94,000 milking cattle with 'followers' and help to increase milk production by 6.37 lakhs of maunds, and also produce about 400 'seed-bulls' for distribution.

To meet the demand of a very large number of the enterprising public, including small-holders who are interested in the production of milk on an organised and scientific basis and are unable to raise a large capital, the establishment of small-holder milk production farms is proposed. It is planned that a small-holder farm should produce a minimum of 2½ maunds of milk daily. About 2,500 farms are to be encouraged to produce 6,250 maunds of milk daily in the fifth year. The increase in milk production is expected through (a) better feeding and management and improvement in the milking quality of the progeny and (b) reduction in dry period by timely service of the milch animals. The additional milk production in the fifth-year is estimated at 7.28 lakhs of maunds. The total increase over the five-year period will be nearly 18 lakhs of maunds.

It is considered that if the present large number of milch cattle kept in urban areas under insanitary conditions are dislodged and facilities provided for establishing them into colonies in selected rural areas, the cattle would not only be preserved and looked after well, but the greater bulk of the milk that is used by the urban areas could be produced and supplied under controlled conditions, to the mutual advantage of the producers and consumers. It is proposed to dislodge 1.7 lakhs of milch cattle in urban areas and settle them on 173 colonies each of 1,000 milch cattle in surrounding rural areas in five-years. With an organised system of working, better feeding, breeding and management, the colonies are expected to produce 7.1 lakhs maunds of additional milk in the fifth year and total of 16.26 lakhs of maunds during the five-year period.

The immediate need of the country is to obtain better milking progeny from the existing stock and the only effective way of achieving this would be to resort to artificial insemination employing the limited number of good bulls now available. About 10 per cent of the existing milch cattle population is proposed to be inseminated in 5 years. A total number of 37 lakhs of cattle or about 10 per cent of the existing population of milch cattle in the provinces is proposed to be inseminated through 74 'seed bull centres' and 370 'insemination yards'. The number of 'seed bulls' needed will be 3,700 in the fifth year starting from 195 in the first year. The increase in milk production is estimated at 25.75 lakhs of maunds in the fifth year. The total increase over the five-year period is expected to be 42.88 lakhs maunds.

Climatic and other conditions in some of the hilly wet tracts such as of Assam, West Bengal, Madras, etc., make it impossible for indigenous cattle of good quality to thrive. By crossing them with Western breeds, a progeny of appreciable value as a milch as well as a draught animal can be secured. About 10 per cent of the total cow population in the provinces of West Bengal and Madras is proposed to be cross-bred in 5 years and 20 per cent in Assam. About 1.75 lakhs of cows are proposed to be cross-bred in the fifth year through 7 'seed bull centres' and 35 'insemination yards'. For this purpose a total of 175 exotic bulls will be required starting with 20 in the first year. About 1.4 lakhs of maunds of additional milk is expected to be produced in the fifth year. The total increase over the five-year period is estimated at 2.38 lakhs of maunds.

CO-OPERATIVE MILK UNIONS

The only certain and effective way out of the present chaotic conditions of milk supply to towns and cities created by intermediaries or middlemen, lies in the elimination of the latter as far as possible and encouraging direct supply from the producer to the consumer to the mutual advantage of both. This can be done by organising the production and marketing of milk on co-operative lines. The project envisages the organisation of co-operative milk producing societies in villages and federating them into unions of economic sizes for increasing the supply of good quality milk at reasonable prices to towns and cities in the different provinces. To begin with, the areas far away from towns and cities may be organised for supplying a part of the milk requirements of the urban population. Unions to handle 50, 100, 200, 500 and 1,000 maunds of milk a day are proposed to be set up for supplying milk to different towns and cities according to their population and the existence of milk producing areas within their reach. A total of 136 unions of different sizes are proposed to be set up in five years.

There are several 'milk pockets' in every province lying far away from the consuming centres where milk is produced in quantities larger than what can be consumed locally and which is generally converted into ghee. It is expected that if the indigenous process of manufacturing ghee is replaced by the cream separator method and the production and the marketing of ghee organised on co-operative lines the output could be augmented, quality improved and the income of the member producers considerably increased. This project envisages the organisation of co-operative ghee producing societies in villages and federating them into

rural creameries of economic sizes in different provinces. The creameries will be of three sizes to handle (i) 20,000, (ii) 50,000, and (iii) 1 lakh maunds of milk annually. A total of 794 co-operative rural creameries is proposed to be established in five years to handle 369.2 lakhs of maunds annually, which would represent about 20 per cent of the total quantity of milk used for ghee making at present. The increase in the output of ghee and milk in the fifth year is estimated at 92,300 and 13,97,000 maunds respectively. The total increase over the five year period is estimated at 2,76,000 maunds, of ghee and 34,52,000 maunds, of milk.

The scarcity of fodder of sufficiently good quality is one of the main causes responsible for the present poor yield of milch cattle. Any attempt at increased milk production must, therefore, include production and supply of succulent fodder along with other feed requirements. To assure an adequate supply of nutritious succulent fodder throughout the year it would be necessary to grow both seasonal and perennial fodder crops and also produce silage for feeding during periods of draught. It is proposed that efforts should be made to provide a continuous supply of succulent fodder to about 20 per cent of the population of milch cattle in the provinces in five years. To do this, about 29 million tons of seasonal and perennial fodders including 7.25 million tons of silage will have to be produced by the fifth year, for which 29 lakhs of acres of land including 7.25 lakhs of acres of irrigated area will have to be utilised. The increase in the output of milk in the fifth year is estimated at 248.6 lakhs of maunds. The total increase over the five-year period is estimated at 620.9 lakhs of maunds.

It has been emphasised that a concerted effort at under-taking projects of the type and magnitude suggested is absolutely essential. This should mainly come from provinces. The specific steps suggested to give effect to the plan are : (a) creation of a well-staffed dairy development section in each province, (b) encouraging private enterprise—both individual and co-operative—and providing them with help—technical, financial or otherwise, (c) setting up a Milk Board with representatives of provinces, dairy-men and consumers, (d) providing an adequate supply of concentrates at reasonable prices and an assured supply of water for the cattle, (e) controlling the manufacture of milk products to enable as much milk as possible to be consumed in fluid form, through enactment of necessary legislation, (f) exercising stringent legal control on the quality of milk and milk products, (g) providing facilities for training of technicians by fully exploiting existing institutions and opening new ones and (h) providing facilities for the purchase of equipment and appliances of the type required at reasonable rates through Fair Price Shops.

Our milk production is tragically low compared with that of Western countries. The daily consumption of milk and milk products per person in Canada is 56.8 oz., in New Zealand 54.6 oz., in the United Kingdom 40.7 oz. and in India 5.8 oz.

It is an astonishing fact that only 27 per cent—little more than a quarter—of our milk production ever reaches the consumer in fluid form. Curd or *Khoa*, and other milk products account for 15 per cent, while 58 per cent—nearly two-thirds of our total production—is made into ghee. This reduces the actual amount of fresh milk consumed per person in India to approximately 1.6 oz. per day, a figure which makes our hopes for healthier people sound rather ironical.

—*Indian Press Features; The Hindu*, October 14, 1948.

IMPROVING THE MILK SUPPLY OF TOWNS

By Zal R. Kothavalla, Dairy Development Adviser, Government of India.

The present high level of prices of milk and milk products in towns is mainly due to the fact that supply is not able to cope with the demand. The first step is to find out ways and means of augmenting the existing supply. The present system of producing milk by housing cattle in the heart of the town has been universal in the country and has been found to be most uneconomical and unhygienic, besides leading to the gradual destruction of the valuable cattle wealth of the country. Let us therefore, aim at abolishing these stables and for that reason the source for the increased supply of milk would have to be looked for from areas outside the towns. This source may be (i) organization of milk supply from areas surrounding the town, (ii) establishment of creameries in milk producing areas, and (iii) establishment of dairy farms.

Organization of milk supply from areas surrounding the town will divide itself under two heads : (a) Milk supply from villages lying adjacent to the towns or what may be called 'inner belt'—extending up to a radius of about 15 miles of the town, and (b) milk supply from villages lying beyond this radius and extending up to 50 miles, which may be called the 'outer belt'. Of the two, it is desirable that the organization of the milk supply from the 'outer belt' should be taken up first because that will help in actually augmenting the milk supply without disturbing the present supply as the milk is already being brought by various means to the town from the 'inner belt'.

The Inner Belt

Almost every town, whether small or large, derives nearly 50 per cent of its milk requirements through what are called 'milk carriers' on cycles or head loads and distributed direct to individual customers. Their range of work extends even up to 12 miles radius from the town. For some of the larger towns like Bombay, Madras, Calcutta, etc., which are well-provided with local trains, milk is brought from even greater distances by these carriers. Some of the measures which can be adopted for augmenting this supply are :

(i) To organize the producers on co-operative lines and arrange for them to deal direct with the consumers themselves, to the mutual advantage of both, by doing away with the middlemen or the carriers.

(ii) To organize the carriers themselves, on co-operative lines by giving them facilities of a central milk collecting depot or depots from which milk can be economically distributed collectively instead of each individual carrier going round the delivery.

(iii) To open depots for cattle feeds in the producing areas and subsidizing the supply, if necessary.

(iv) To provide milk supply cans of suitable types and at a concession rate as also cycle tyres, tubes, etc., which are very difficult to obtain at present.

(v) In the case of carriers bringing milk by local trains, allowing them concessions in the freight and providing a special carriage or compartment where milk can be put in a clean place during transit.

(vi) For the municipalities to provide special depots well-distributed in the town, from where milk can be distributed to the areas apportioned each set of carriers.

(vii) To give loans to the organized small producers for purchasing cattle and feeding stuffs to effectively increase the production of milk in the zone surrounding the towns. It has been found from experience that by proper feeding and maintenance the milk yield of a village cow can be increased even up to 50 per cent.

The Outer Belt

The producers should be organised for the collection of the milk and its rapid transport to a suitable centre where it can be processed and distributed through a reliable agency so that the quality of the milk is assured and it is sold at a reasonable price to the consumers. Such an organized effort calls for the following :

(i) *Survey* :—A rapid survey of the areas is necessary in order to ascertain firstly the quantity of milk available for collection after allowing for the domestic need of the producers and the wide fluctuations for the different seasons which invariably occur under village conditions, and secondly the disposal of surplus milk and the scope for developing this source.

(ii) *Organizing the producers* :—This will have to be undertaken, preferably on co-operative lines, based on the data obtained in the survey of the area, so that those villages which produce sufficient quantities of milk which can be handled economically, need only be considered in the earlier stages. Each village should be provided with a small milking shed with facilities of water-supply, etc., the cost involved being partly or wholly borne by the Government.

(iii) *Collection of milk* :—This should be done at centres which are so situated that the collection of milk may be done as expeditiously and economically as possible.

(iv) *Rapid transport of milk* :—Quick haulage of milk to its destination soon after production is very essential as the time factor is most important with such a highly perishable food as milk. Motor lorries for this purpose will be required.

(v) *Processing of milk* :—Milk collected from various sources and produced under insanitary village conditions will have to be processed (heated or chilled or both, *i.e.*, pasteurized) and for this a processing centre or pasteurizing station will have to be established, preferably in the consuming town itself, with facilities of cold storage, etc., so that the distribution of milk can be regulated according to the requirements of the consumers irrespective of the time of milking in the villages.

(vi) *Distribution depots* :—The milk collected and processed as above can then be distributed to the consumers over the counter through depots specially provided for the purpose. It is not considered feasible in earlier stages to attempt house to house delivery of milk, particularly in view of the shortages of containers and bottles.

(vii) *Supply of cattle feeds* :—Arrangements will have to be made to supply cattle feeds such as oilcakes, bran, chunni, etc., to the village milk producers so as to give them an incentive for producing more and better quality milk. In some cases this idea of helping the villager can be further developed by arranging for the supply of his daily requirements such as kerosene oil, sugar, cloth, etc., against deliveries of milk.

Co-operative Working

The schemes may preferably be run on co-operative lines.

Conditions governing the selection of a town for the scheme will be as follows:

(a) The town selected for the supply of milk should be surrounded by milk-producing villages or centres lying within 15 to 50 miles of it and the quantity of milk produced by such centres should be sufficient to make its collection, haulage, handling and distribution economic on a consideration of working costs. Each such village or centre should on an average be able to supply a minimum quantity of 2½ maunds of milk a day.

(b) The majority of villages to be tapped should lie as far as possible alongside the roads to be traversed or at a distance not exceeding 2 to 3 miles from the road.

(c) The area should be well-provided with roads which will permit of the haulage of milk by motor transport in all seasons of the year.

(d) The producers must be assured of the market for their milk throughout the year at a predetermined price and the milk must be paid for periodically.

Establishment of Dairy Farms

Experience has shown that milk obtained from villages fluctuates widely in quantity according to seasons and that it is at its lowest in summer. Since the supply of milk to the consumers must be constant and assured throughout the year in order to counteract the above drawbacks there should be another and more dependable source of supply of milk for the town. This should be in the form of a dairy farm or farms established as near to the town as possible either by Government or through private enterprise. In the latter case a subsidy may be provided in some form or another preferably by the payment of a certain amount per pound or maund of milk of a guaranteed quality delivered to the town. Such farm or farms should be producing at least 25 per cent of the quantity of milk obtained under the village system to meet the deficit during the scarcity period. The following facilities may be needed to establish and encourage such a supply.

(i) Facilities of land and grazing, (ii) Provision of irrigation water for the cultivation of fodder crops at a concession rate, (iii) Concession in railway freight with the facility of refrigerating vans, (iv) Provision of necessary equipment for the dairy, etc., under priority, (v) Providing subsidy to enable the farm-produced milk to be sold in the consuming areas at controlled rates.

Control and Supervision

One of the greatest handicaps in the proper supervision and control of the milk supply of a town is the existence of the innumerable agencies or channels through which milk is made to pass during its handling and distribution in a town. This also hinders the development of the dairy trade on right lines. The reorganization of the present system of milk supply calls for definite measures to be taken. They may be summed up as follows :

(a) *Creation of a milk supply organization* :—An organized effort will enable the milk-supplying agencies to be reduced to a few selected ones and this will call for the division of the milk-producing areas into zones, so that a zone may be assigned to a particular agency to prevent the various selected agencies from competing with one another unfairly.

(b) *Creation of milk procurement and distribution organization* :—This is necessary for replacing the innumerable individuals employed in distributing milk by a few selected agencies. As in the case of (a) above, the area of trading in the town will also have to be zoned out, so that each agency is allotted a zone to prevent unfair competition.

(c) *Removal of cattle stables from urban areas* :—As more and more milk is imported into the town from the rural areas through an organized effort, the city milch cattle stable will have to be removed. Their removal will call for (i) the prevention of the return to the city of cattle salvaged from the stables when they come into calf again and (ii) the absorption or colonization of the replaced animals from the city at centres away from the town from where milk could be easily obtained for the town.

(d) *Adoption of an effective system of licensing and supervision* :—The introduction of a complete and effective system of licensing of the trade with suitable standards for quality and an adequate and efficient staff for enforcing supervision and the standards of quality will be a necessary adjunct to such a reorganisation.;

(e) *Appointment of a milk control board* :—There should be a central independent body which should coordinate the activities coming under the reorganization of the milk supply of a town. It is suggested that a milk control board should be created. Such a board should be constituted of a limited number of members, not exceeding seven; representing government, municipality, producers, traders and consumers. Its primary functions should be the following :

(i) To safeguard the interests of the producers, traders and consumers, (ii) To periodically fix the purchase as well as the sale prices of milk for that area, (iii) To control the marketing and distribution of milk according to the needs of the different classes of consumers, (iv) To control the production of milk and milk products in a consuming area as well as in areas adjoining it, (v) To fix standards of quality of milk and milk products sold in that area, (vi) To act in an advisory capacity in matters relating to the policy to be followed and measures to be adopted for the development of the milk trade.

Whatever be the type of scheme adopted by the Provinces or States for improving the milk supply of a town, technical help and guidance will be needed to solve the difficulties which are bound to arise at every stage with the commencement of the scheme. The prerequisite for the success of such a venture will be the provision of adequate technical staff. No doubt expert help and guidance will always be made available from the Centre but the Provincial Government shall have to maintain a well qualified and well paid staff of their own to be on the spot.

—*Indian Farming*, January, 1948.

IMPROVING MILK YIELDS

Breeding from first-class pedigree dairy bulls by artificial insemination anticipated to raise the yearly milk yield of English herds participating in the scheme by 100 gallons per cow and the percentage of butterfat by 0.2 to 0.4.

The artificial insemination service is provided there by the Milk Marketing Board, at present in 10 centres, but another 18 will shortly be operating. Sub-centres will be established to hold semen from the parent centres, so that no work need be performed over a radius greater than ten miles.

Basis for Insemination :—In normal mating the bull transmits 50 to 100 times as much semen as is needed for the conception of one cow. By using the A. I. technique and the dilution of semen it seems likely that up to 1,000 cows can be bred in a year to one bull. The present figure is about 700, against the 20 to 40 cows which one bull serves by-normal mating in a year. With good management, the A.I. conception rate is now at least as good as that obtained by natural mating. On average, two out of three cows conceive on the first insemination, although individual herds may show higher or lower rates.

—*Westralian Farmers Co-operative Gazette*, June, 1948.

MANUFACTURE AND STORAGE OF GHEE

By N. N. Dastur and B. N. Banerjee.

The production of milk is closely correlated with the quantity and quality of feed given to cattle, for this reason, there is a wide fluctuation in the quantity produced during different seasons. Usually the season for maximum production starts from September, reaches a peak in November and continues till March : the season of lowest production starts from April and lasts till August.

Ghee-making : an ancient industry

Ghee is the pure fat of milk. Commonly it is made from cow and buffalo milk, but in certain isolated areas *ghee* from goat and sheep milk is also prepared. *Ghee* has occupied a very prominent place in the Indian dairy industry from the earliest times and this is continued even to-day. It is estimated that approximately 58 per cent of the milk produced in our country, totalling nearly 3,589 lakh maunds, is utilized for making *ghee*. The value of *ghee* produced was over 100 crores of rupees per year in prewar days. *Ghee* that is produced in the country is to a very large extent consumed in the country. The quantity produced, though so huge, is the joint effort of every tiny village. Any improvement or defect that may be consciously or unconsciously introduced will thus have a profound significance both on the final value of *ghee* and its market value. Even though various other fats, like vegetable oils and hydrogenated vegetable oils, are available in large quantities and at a much lower cost, the demand for *ghee* continues to increase. It is thus in everybody's interest that the best quality of *ghee* be produced. *Ghee* production as mentioned above has been practised from the earliest times and it is not a matter of wonder that during that time bad practices as well as good have entered into the routine of manufacture. It is the intention of the article to analyze in the light of science, such step in the process of *ghee*-making so that the bad ones may be omitted or changed and the good ones confirmed or introduced, the ultimate object in either case being the production of only the best quality *ghee*.

Isolation of ghee

Ghee can be isolated from milk by various methods. No one method can be described as the best but, if certain precautions are observed, good *ghee* can be produced by any of them. The different methods followed to-day in the country may be summarized as follows :

1. *Desi method*: Milk is converted into curds, butter is isolated and this is heated to obtain *ghee*. This method is most widely used.

2. *Creamery butter method (Mukhan Ghee)* : Cream is obtained from milk by the use of mechanical separators. Butter is prepared from this cream after souring and then it is melted to *ghee*.

3. *Cream method* : Thick cream is prepared by the use of mechanical separators and, after souring, is heated directly and *ghee* is obtained.

4. *Vacuum pan method* : Creamery butter or thick cream is freed from water by heating under vacuum at a low temperature till pure butterfat is obtained.

5. *Direct from milk*: This is prepared by churning cooled milk after heating it first. This method is used only in rare instances and hence is not of commercial importance.

Under each of the above heads many modifications are practised, e.g. in the *desi* method raw or boiled milk may be used ; curds of various degrees of acidity may be prepared ; the butter obtained may be stored or at once converted into *ghee* ; *ghee* may be first kept as *kacha ghee* and then made into *pucca ghee* ; and so on. The modifications are adopted as are best suited to the local conditions and

the market demand. However, if *ghee* of uniformly high quality, i.e. having good keeping quality and retaining all its nutritional factors, is to be produced throughout the country, it will be necessary to modify the methods to some degree. To understand why these modifications are necessary it would be best to understand first the various factors which may contribute to the spoilage of *ghee*.

Spoilage of *ghee*

A chemical examination of *ghee* reveals that it contains about twenty-two different fatty acids which are held in combination with glycerine. A fresh sample of *ghee* will not contain any free fatty acids. This combination can however be broken up fairly easily by giving favourable natural conditions during storage, e.g. presence of oxygen, light, moisture, etc. When this takes place *ghee* begins to go bad. The same result can be brought about artificially, for example, by the addition of any alkali when the acids are detached from glycerine and soaps are formed. Further, the process of decomposition is catalytic, i.e. once the decomposition has started the products of decomposition further help to decompose good *ghee*. It will, therefore, be readily understood that care must be exercised at every step and any neglect at one point may spoil the whole product. It is extremely difficult to arrest the decomposition process once it has started. Besides glycerine and fatty acids, *ghee* contains other valuable substances in minute quantities like carotene, Vitamin A, etc., which are important not only from the nutritive point of view but also because of their property of imparting additional stability to *ghee*. In *ghee* that is decomposing, these substances are destroyed or converted into entirely different products which do not have any useful purpose.

The spoilage in *ghee* may broadly be divided into two groups—(A) development of free fatty acids and (B) development of rancidity. Each of these will be discussed in detail below.

(A) *Development of free fatty acids in ghee*.—*Ghee* that is prepared under clean conditions and stored carefully will not have more than 0.2 to 0.5 per cent of free fatty acids, expressed as oleic acid. This ideal is seldom realized in market *ghee*. Agmark standards allow a free fatty acid content to the extent of 2.5 per cent. In spite of this liberal limit, market *ghee* samples often have an acidity of 8 to 10 per cent, and occasionally such high figures as 19 to 20 per cent oleic acid also been noted. It is doubtful if *ghee* with such degree of acidity should at all be classed as *ghee* and this state of affairs is a serve reflection on all concerned. This will become all the more impressive if it is realized that *vanspati*, a product that is considered much inferior to *ghee*; is allowed to have only 0.2 per cent of free fatty acids.

The main factors which contribute to the development of free fatty acids are undesirable micro-organisms, lipase and moisture.

Micro-organism: Certain types of micro-organisms are known to break up butter-fat rapidly. These organisms are not originally present in milk but gain access through atmospheric contamination, the use of unclean water, and unclean vessels. Having once got access to milk, curds or butter, they multiply very rapidly and secrete a substance called lipase, which is a fat-splitting enzyme. It is a common practice to use raw milk for preparing curds. This is most undesirable and accounts for nearly 50 per cent of the defects found in market *ghee*. If milk is boiled, i.e. brought to first boil and simmered for five minutes, it will destroy almost all the organisms. This milk, after cooling, should be inoculated with a good starter. A rough method of judging whether the starter is of desirable quality is to observe its consistency and flavour. Good starter, formed by the presence of lactic acid organisms, will be solid in consistency with the separation of little whey at the top of the whole mass. A bad starter will not be a solid mass, but will be in two layers, curd at the top and a thick layer of whey at the bottom, and will be full of gas.

notes. A good starter added to milk brings about coagulation of milk by the development of lactic acid organisms. These organisms tend to preserve the curd against the intrusion of undesirable organisms from the atmosphere. If the milk is not boiled before curdling, there will be a large number of fat-splitting organisms and the lactic acid bacteria are unable to exercise their full prophylactic effect.

The usual type of containers used for storing milk and milk products are porous and these pores will serve as an ideal hiding place for bacteria. It is desirable that after cleaning the vessels with mud and rinsing with water, they should be sterilized by filling three-fourths with water and bringing to boil, preferably after covering the pot with a lid. Vessels not thus sterilized are a good source of contamination, especially when raw milk is kept for souring.

Lipase : The enzyme lipase is always present in milk and is known to be a great source of trouble to the dairy industry. It is soluble in *ghee* and hence if not destroyed will always be associated with *ghee* at all stages of production. The best and the easiest means of getting rid of lipase is to boil the milk as suggested. In unboiled milk this natural lipase is further augmented by the lipase produced by micro-organisms when very old or unclean culture is used for inoculating fresh milk.

Moisture : The presence of water or butter-milk increases the development of acidity in *ghee*. Butter should, therefore, be stored for as short an interval as possible. The presence of butter-milk also serves as a source for bacterial contamination. Compared to the presence of butter-milk, water alone is less harmful. It is, therefore, essential that butter should be given at least one and preferably two washings with clean water, especially if the butter is not to be melted into *ghee* at once.

It will be noticed that butter made from raw milk curds develops acidity nearly two and a half times as rapidly as similar butter obtained from boiled milk curds. When this butter with initial high acidity is stored, there is a further development in the acidity. On the other hand butter made from boiled milk shows very little acidity. This shows that much harm is done by storing butter and it should be converted to *ghee* as early as possible.

As it is necessary to boil butter to *ghee* as rapidly as necessary, it is equally necessary not to store the curds for any length of time but quickly churn out the butter and convert the latter into *ghee*. With raw milk curds, the acidity in *ghee* keeps on rising the longer the curds are stored. Boiling milk initially safeguards any spoilage and *ghee* of very low acidity is obtained even if for some reasons it is found necessary to keep the curds. Thus by using boiled milk a reasonable safeguard can be provided for obtaining a good *ghee* at the end.

(B) *Development of rancidity in ghee.*—Rancidity is quite a distinct phenomenon from development of acidity. A sample of *ghee* may have high rancidity but still will have low acidity. On the other hand a sample of high acid *ghee* is very likely to have high rancidity also. There are many factors which are responsible for the development of rancidity, the chief of which are air, light, heat and certain metals. Fats normally contain certain properties of resisting the onset of rancidity but once this resistance is destroyed rancidity will develop very rapidly. A sample of *ghee* with high acidity may pass unnoticed by taste and odour but development of rancidity even in initial stages, will be easily detected organoleptically. *Ghee* prepared under best conditions will develop rancidity if stored under bad conditions. *Ghee* should be kept away from air which contains oxygen. As far as possible use of porous pots should be avoided. Glazed pots, porcelain jars, aluminium pots, tinned containers are the best for storage. These containers are impervious both to air and light. When *ghee* is to be stored, the container should be filled right to the top so as not to leave a big air gap which will supply oxygen for the development of rancidity. Hot

ghee should not be left open exposed to air. Light is a very powerful agent in developing rancidity. Open *ghee* tins should not be kept exposed to light. The place where *ghee* is prepared or packed should be well-shaded. The action of light is rather persistent. The rancidity does not develop at once but once it has been initiated, though only in a very small measure, the *ghee* will go bad even though stored afterwards in closed containers. Certain metals act as powerful catalysts for the development of rancidity when present in very small quantities. Iron and copper are the chief amongst those which are likely to be encountered in everyday practice. Use of brass and bronze vessels which contain copper should be avoided not only for storing *ghee* but also for keeping milk which is to be used for preparing butter or *ghee*. If they are used, they should be heavily tinned. Tin cans with any rusty spots should not be used for storing *ghee* at any stage.

It will be noticed that *ghee* stored in glass bottles, glazed porcelain jars, tin cans and aluminium vessels keeps good for a long time without showing high rancidity. The use of such containers both under household and trade conditions is recommended. A word may be added about glass. Glass, apart from being fragile, allows light to pass through and hence its use should be discouraged.

Undesirable factors in actual practice

Having studied the theoretical causes of the spoilage of *ghee*, it may be well to enumerate here from actual practice instances wherein undesirable factors do come into play. In some parts of the country raw milk is regularly used and soured in porous mud-pots with old butter-milk. All these conditions favour contamination with undesirable strains of bacteria which break up *ghee* into free fatty acids. In these circumstances *ghee* is exposed to ideal conditions to go bad and develop high acidity. Curds are sometimes churned in naked brass pots. Brass contains copper which easily goes into solution under the influence of acid contained in curds and butter-milk. This copper, though in very minute quantity, will be carried along with the *ghee* at all the subsequent stages and enhance the rate of spoilage. If churning is carried out in the open, the butter may get contaminated with dust particles which may be carrying undesirable bacteria. Further, light is a very powerful agent in developing rancidity and when churning is done in the open, butter may be unduly exposed to light. The butter in many instances is not given any washing with water. The butter-milk carried along with the butter provides a very favourable source of infection and medium for the further development of micro-organisms. Butter should always be given one or two washings with clean water. Butter obtained should not be placed very near the kitchen fire as high temperature greatly reduces the keeping quality of the *ghee* prepared.

Butter is usually melted first into *kacha ghee*. This *ghee* contains quite a good deal of butter-milk. Such *ghee*, when stored in kerosene tins, which are usually old ones, starts attacking the tin. The iron that goes in solution induces greater spoilage than copper does. In many instances the tins are not properly covered. They are plugged either with rags or covered with dry banana leaves, etc. and thus *ghee* is freely exposed to the atmospheric oxygen. *Kacha ghee* is then passed on to the village merchants. The containers used for collection also suffer from the same defects as mentioned above. Further, this *kacha ghee* when it reaches the town merchants is stored for an indefinite time till required for the market. The practice of producing *kacha ghee* requires to be discouraged but, if at all it is produced, care should be taken to melt it and bring it up to the final stage as early as possible, i. e., within about a month. For remelting *kacha ghee*, the tins of *ghee* are kept round a fire to melt the contents which are stirred from time to time with a naked iron rod. The *ghee*, is usually transferred to iron *karais*. When the day's work is over, the normal practice is to wipe out the *karais* with old gunny bags. As a result, most of these vessels have a heavy lining of old *ghee* on which new *ghee* is poured. The refined *ghee* is packed in tins which are not quite

new. Sometimes in order to recover as much *ghee* as possible, the *ghee* residue is exposed to direct sunlight when, due to the heat of the sun, a little more *ghee* comes out. The *ghee* is mixed with the amount already collected. As explained, light is a powerful auto-catalyst and once the *ghee* is exposed to light the deterioration progresses readily even after the tins are filled.

The temperature to which *ghee* is exposed before final packing varies widely. In western India it is usually melted to 70° C. and then allowed to settle for about two hours. By this process most of the moisture and other impurities will be removed. If carefully carried out, this method will no doubt give good *ghee*; and it has the added advantage of imparting lactic flavour which is liked by certain classes of people. In other parts of the country *ghee* is melted to much higher temperatures ranging from 100° to 120° C. The process of heating must be carried out slowly so as to give time for moisture to escape and the temperature should not be raised too suddenly. Sometimes it happens that heating is carried out to an excessive degree, temperature going up as high as 150° C. This is very undesirable because *ghee* loses its vitamin A content very rapidly when the temperature goes above 120°C. At 125°C. the residue at the bottom, which is composed of casein, will just begin to go brown but it should not become dark brown.

Methods of obtaining good *ghee*

We shall now proceed to describe how good *ghee* can be obtained by different methods. As maintained before each method is capable of giving good *ghee* and should be selected as per facilities available. Special features of each method will be described under each method.

Desi Method :—The recovery of *ghee* by this method is not good. As high as 15 per cent of butter-fat may be left in the butter-milk. This is the most widely followed process and if the butter-milk that is produced is consumed entirely by the producers, it cannot be considered as loss. All the appliances are procurable under village conditions and the method yields a by-product the disposal of which is not a problem. This method is ideally suited for small producers but cannot be applied on a factory scale.

Milk to be used for the preparation of *ghee* should be brought to boil and simmered for five minutes. The vessel used should be clean and if mud pots are used, they should be sterilized by boiling water in them. Naked brass and bronze vessels should not be used. After the milk is cooled, a little of a good quality *dahi* should be added and the milk allowed to curdle. For getting this seed culture it is preferable not to use previous samples of *dahi* or butter-milk, but a small quantity of *dahi* should be prepared in another vessel using only boiled milk. When adding the seed care should be taken that it is compact and has agreeable odour. If there is a separation of whey at the bottom or there are gas holes, this culture should be discarded.

After allowing the curd to stand for say 24 hours, it should be churned, either in the same vessel or by transferring it to a larger vessel with the desired amount of clean water. This vessel should also be cleaned as described above. The paddles used for churning should be made from good wood and should not contain any nails or other iron connection. Butter-milk will easily take up minute quantities of metals which will react adversely on the keeping quality of *ghee*. The churning should be carried out in shade, avoiding direct sunlight as far as possible. Preferably the ground where churning is carried out should be watered to avoid contamination with dust.

The butter should not be over-churned and when ready should be given one or two washings with clean and cold water. It is advisable to convert this butter at once into *ghee*. If for some reason this cannot be done, the butter should be dipped

in clean cold water and preserved in a closed vessel. The water should be changed at least once in a day. The storage period should not exceed three days at the most.

For melting butter into *ghee* a clean vessel should be selected. The stirrer should be either of aluminium or some tinned metal. It is preferable to make *pucca ghee* at once, instead of first making *kacha ghee*, and further heating it later. When it is not desired to make *pucca ghee*, butter after melting should be allowed to stand sufficiently long to allow *ghee* to separate out. When transferring *ghee* to the vessel in which it is to be stored, care should be taken not to allow any bottom aqueous layer to pass. *Ghee* should be stored in good tins, aluminium vessels or tinned brass vessels with good lids and kept in a cool place. As far as possible the vessel should be filled right to the top to give as little air space as possible. If *ghee* is required for daily use, the required quantity that will last for three or four days should be taken out in a smaller container so that the whole bulk of *ghee* does not come in contact with air often.

Sometimes *ghee* is not directly made into *pucca* for the fear that it will lose its flavour before it is sold. This is quite true if during storage *ghee* is exposed to air, rusty spots and other destructive agencies. *Ghee* that is well-prepared and carefully stored can be preserved without any fear of rapid deterioration. Containers, in which *ghee* is stored, should not be exposed to direct sunlight.

Creamery butter method :—This method is adoptable under factory conditions because the volume of products to be dealt with is small. To recover *ghee* from 100 lb. of milk containing 5 per cent fat, only 12 lb. of cream will have to be handled, whilst in the *desi* method all the 100 lb. of milk will require to be stored. The method requires special appliances like a cream separator, a butter churn, butter worker, etc. It can thus be adopted by moderately big producers and it is expected that the process will be carried out under more hygienic conditions as all the necessary facilities are available. The process yields separated milk as a by-product. This is not relished to the same extent as butter-milk by human beings. Sometimes it is given to cattle but it is also very often wasted. This separated milk contains two valuable constituents of considerable commercial value, viz. casein and lactose. Casein is sometimes recovered but the method used is so crude that the sale of the product obtained barely covers the cost of production. Lactose is not recovered. The advantage of the creamery butter process will only become evident when people learn to utilize the separated milk properly.

Fresh milk should be used for separation. For maximum efficiency the temperature of the milk should be near about that of the animal body (110° F.). The cream screw should be so adjusted as to give about 40 per cent fat in the cream. This fresh cream should be pasteurized by heating it to 145° to 160° F. and holding it at that temperature for 30 minutes and afterwards cooling it to below 45° F.; or heating it to 180° F. or above for five seconds and then quickly cooling it to 45° F. Pasteurization ensures complete destruction of all undesirable micro-organisms, thus assuring a better keeping quality both for butter and *ghee*. This cream is inoculated with a clean healthy starter as mentioned under the *desi* method and allowed to ripen for about 12 hours at 40 to 50° F. The cream is churned after diluting to the desired consistency. The butter obtained is given two washings with clean water. Over-churning and over-working should be avoided as they tend to make butter soft and 'greasy'. If cold water is used, butter with a moisture content of 16 per cent can easily be obtained. Butter to be used for making *ghee* should not be salted.

Butter obtained should be melted into *ghee* as outlined under the *desi* method above.

Cream ghee : The preparation of butter by the creamery process and then melting it to *ghee* is a lengthy process requiring extra equipment and labour. The process can be shortened, reducing the cost of production at the same time, by directly heating cream to obtain *ghee*. The method then becomes greatly simplified and can be used even by small individual producers. *Ghee* of good quality is obtained and the process may be adopted both for small and large scale production. As cream is directly melted into *ghee*, the chances of its contact with water, etc., are considerably reduced enhancing the quality thereby.

Fresh milk is separated in a cream separator adjusted to give high percentage of fat (at least 60 per cent). For ease of separation milk is heated to about 100° F. before passing through the separator. The cream obtained is diluted with twice the amount of clean water and re-separated. This re-separation helps to remove most of the casein and other impurities. This process facilitates quicker separation of the fat and also minimizes the loss of *ghee* by reducing the quantity of *matha*. The cream obtained is inoculated with a good culture and soured for 6 to 8 hours at a temperature of about 50° F. The cream is then melted into *ghee* as outlined under the *desi* method described before.

To obtain *ghee* naturally more fuel will be required but this increase in cost will be amply compensated by saving in the cost of equipment, labour charges and improved quality of *ghee*. When heating cream, the vessel used should be bigger than that normally used for melting butter as there is a tendency to foam. Heating should be carried out on a steady, nonsmoky fire, with frequent stirring.

Blending of ghee : Almost all the *ghee* that is produced under village conditions is brought to urban centres and blended. This is carried out with a view to attain three objectives : (a) to get rid of any impurity in *kacha ghee*, (b) to obtain *ghee* of a uniform quality acceptable to local market conditions and conforming to local legal specifications, and (c) to repack loose *ghee* in proper tins.

This type of work is naturally carried out by merchants with substantial means. Still it is regrettable that in most cases the work is carried out under very crude conditions and leaves scope for much improvement. The packing centres are housed in old buildings sometimes without a proper roof. Melting is carried out in big iron *karais* which are not tinned, nor cleaned with soda and water at the completion of each day's work. When the day's work is over, these are left uncovered and in the morning just wiped with some old gunny bags. When *ghee* is put in, these *karais* are never covered but are left open exposed to light with every possibility of being contaminated with dust. Bare hands are freely dipped in *ghee* to judge the temperature. Persons attending to this work are not provided with clean clothes and the nature of the work is such that clothes get soiled easily.

The tins used for packing *ghee* are not always new. They are usually used *ghee* or *vanaspathi* tins which are not given a thorough washing with soda and water. After *ghee* is transferred to these, they are left overnight in the open to cool slowly.

It is thus evident that there is a considerable scope for improvement in our present methods of handling *ghee*. What is important for the *ghee* merchants is to realize that they are dealing with a very delicate product which can meet certain nutritional requirements of the nation if elementary care is exercised. It is no exaggeration to state that at present the public at large is very sceptical about the quality of market *ghee* and if this state of affairs continues they will look more and more to other sources for fats. *Ghee* is sold at a high cost and naturally the public expects it to be superior to other fats like vegetable oils and *vanaspathi*. Hence every special effort should be made to carry out blending with the best quality of raw *ghee* under most hygienic conditions.

It should be insisted that *kacha ghee* also should be brought only in new tins. This *ghee* should be melted and packed for market without delay. The refining should be carried out in a specially constructed building with cement roof and floor and inlaid with white tiles on the sides. Every care should be taken to exclude flies. The room should be well ventilated and sufficiently lighted without any sunlight entering in directly. The vessels used for melting *ghee* should be heavily tinned. For melting it is better to use steam-jacketed pans with lids. If *ghee* is to be refined by the sedimentation process, the vessels used for melting should be preferably of a cylindrical shape with a tap about six inches away from the bottom. After melting, *ghee* should be maintained for 2 to 3 hours at 60° C. to allow all moisture to settle out. If *ghee* is recovered by the boiling process, shallower pans will be more convenient as they allow the moisture to escape rapidly. The temperature of boiling should never exceed 115° C. A tap should be provided three inches away from the bottom; and the residue settles down below this level when the *ghee* is allowed to cool. This *ghee* should be then filled directly into new tins which have been given a good washing with soda and water. After filling the tins to a height of about six-eighth, loose lids should be put and the mass allowed to cool down over-night. Next day fresh *ghee* should be added to fill the tins completely and then they should be soldered. These tins should then be stored in a cool place. It is advisable to have special rooms for this purpose which can be maintained at a lower temperature. The present practice of marketing *ghee* only in bulk packings should be extended by the use of smaller packs so that *ghee* is not sold loose and is thus protected completely from the time it leaves the refinery till it reaches the consumers. As a means of guiding the public it would be better if the *ghee* trade by common consent uses tins of a particular shape, say rectangular, which may be easily distinguished from the tins used for selling other edible fats.

In India there are a few refineries which do tend to approach the ideal conditions laid down above. What is now required is the multiplication of such places all over the country. It is hoped that at no distant future, before licensing a *ghee* packing station, it will be insisted that it fulfils certain minimum requirements.

By the use of seaming machines any possibility of hand contact is avoided. Now-a-days cheap small hand seaming machines are available which can be used for packing tins of smaller sizes. The system of heating cream of butter under vacuum to obtain *ghee* has recently been developed in New Zealand and Australia and the process can be applied under Indian conditions without any difficulty. It is desirable to develop factory method of producing *ghee*, starting from the initial cream or even milk stage. This alone will ensure a uniformly high quality for the product and incidentally lower the cost of production.

From the text it will be evident that the preparation of good *ghee* does not require very special skill. Use of plain common sense will solve nearly half the troubles encountered at present before *ghee* is finally put on the market. The first essential is cleanliness in the method of preparation and storage. The second essential is protection against the destructive action of air, light, water and micro-organisms. Both these can be achieved by simple means as explained before if everybody concerned is willing to play his or her part. Every care should be taken in the preparation of a product like *ghee*, which is so highly prized by all consumers and which gives good returns to the producers. Preparation of good *ghee* is so simple that the same results can be obtained both by small producers as well as large scale factory owners.

When describing the methods of preparation of *ghee*, a word about its adulteration will not be out of place. Natural *ghee* no doubt varies a great deal in its composition and hence people are tempted to resort to adulteration. The methods of detecting adulteration have now been so perfected that adulteration even with 5 per cent of vegetable oils and *vanaspati* can easily be detected. With such

sensitive methods available for detection any resort to malpractices undermines the confidence of the public and should never be resorted to.

In the past great importance has been attached to such physical properties as grain structure or colour or flavour of *ghee*. These properties have no doubt their value of giving a quick indication of the quality but they should never be regarded as the sole criteria, as they are subject to artificial manipulation. *Ghee* enjoys superiority over most of the other natural fats because of its vitamin A and carotene content. In no other respect has *ghee* been proved to be superior to other common edible fats. Hence, it is to be expected that *ghee* coming to the market and when delivered to the consumers should have a maximum quantity of vitamin A content. Unfortunately our present legal standards do not take into account this important nutritive property of *ghee*, but it is suggested that the *ghee* trade itself should take a lead in the matter to assure the consumers the quantity of their product. A minimum quantity of vitamin that should be present in *ghee* should be laid down. The presence of natural vitamin A will also assure that the *ghee* has been prepared and stored under proper conditions and is fresh. Now-a-days artificial products like margarine are expected to contain a specified amount of vitamins A and D and so the above proposal cannot be regarded as too severe. On the other hand most of the samples of *ghee* bought in the market hardly contain any vitamin A.

It has also been reported that the development of acidity in *ghee* is a controllable factor. There is, therefore no justification for any high acid *ghee* appearing on the market. It is preferable that normally *ghee* should not contain more than 1 per cent oleic acid, but in exceptional cases this may be extended to 2 per cent. The present tendency of allowing a liberal margin for free fatty acids is to be deprecated: there is no justification for such lax standards.

The composition of *ghee* can be varied by several factors. The most important of these is feed. By adjusting the quantity and quality of food of the animals, *ghee* of any desired consistency can be produced. It is well-known that during certain seasons of the year *ghee* produced in certain areas shows wide fluctuations in composition. This is attributable to feed. It is customary to feed oilseeds or oil-cakes when available in very excessive amounts and this upsets the normal composition of secreted fat. *Ghee* obtained from such sources fails to come up to legal specifications and as a remedy it is customary to allow special grades for different areas. This opens up possibilities of adulteration by unscrupulous dealers. The best course would be to teach the primary producers to balance the feed given to the cattle all round the year. Then only *ghee* of uniform quality will be produced without any difficulty. If *ghee* below standard legal specifications is produced, it would be in the interest of everybody concerned to restrict its sale to the particular area of production. It would be best, however, to undertake all measures to avoid the production of such *ghee*.

Finally, 'dos' and 'don'ts' about good *ghee* production are summarized below:

1. Use only boiled milk;
2. Use clean vessels for storing milk, butter and *ghee*;
3. Use a clean, healthy starter;
4. Always wash the butter with clean water to remove butter-milk;
5. Do not make *kacha ghee*. Remove all moisture and *matha* from *ghee* before storing;
6. Store *ghee* in new tins porcelain jars or aluminium containers;
7. Do not use naked iron vessels for heating *ghee*;
8. Do not leave a big air-gap in the container when storing *ghee*;
9. Do not expose *ghee* to direct sunlight;
10. Keep *ghee* containers tightly sealed;
11. Where possible, make *ghee* directly from cream;
12. Do not adulterate your *ghee*. It can be easily detected. You will be the loser in the long run;
13. Make the best possible *ghee*. Co-operate and demand a just price;
14. Science is at your service and make the best use of what knowledge is already available.

—*Indian Farming*, July 1948.

PRODUCTION OF GHEE IN INDIA—PROBLEMS OF PRICE AND GRADING

Report of the Directorate of Marketing and Inspection, Government of India.

The annual production of ghee in India is estimated at over 5 lakh tons valued at Rs. 77 crores [calculated at a flat rate of Rs 55 per maund (1940)]. Of this quantity nearly 62 per cent is produced in Indian Provinces and the balance in States. In order of importance the main ghee producing areas are the Punjab, U. P., Madras and Bihar which account for 15.7, 13.8, 9.8 and 5.4 per cent of the total production respectively. Thus 3/5ths of the ghee production is concentrated in Northern and Western India and the remaining two-fifths is scattered in the rest of the country. Taking the country as a whole India produces 8.9 maunds of ghee per square mile, 21.4 maunds per village, and 3.6 maunds for hundred persons. The annual per capita consumption of ghee in India is highest in Gwalior and Sind with 15.5 and 11.2 seers respectively and lowest in Hyderabad and Bengal with 1.1 and 1.3 seers respectively.

Of the total ghee production nearly 30 per cent is retained by the producers for domestic consumption and 70 per cent is marketed. These percentages, however, vary from tract to tract, depending upon various factors like the type and status of the producer, proximity to a ghee market, kind of diet in a tract.

India imports about 66,000 maunds of ghee mostly by land-frontier routes from Nepal, but the trend of imports has, during the past few years, shown a slight downward tendency.

India also exported about 66,000 maunds valued at a little over Rs. 30 lakhs mainly to the Straits Settlements, Burma, Federated Malay States and to Africa. It is stated that there are possibilities of expanding the export market for ghee when normal conditions return. But this should be encouraged when present production is increased to a level beyond self-sufficiency and only graded ghee of good quality should be exported.

The quality of ghee and its prices vary widely. The latter depends on the physical characteristics of the product, its purity, type, grade, variety and intensity of demand, but by far the most important factor affecting price is purity.

Even before the commencement of the war prices of ghee showed a steady, upward tendency but in 1943 the prices registered in some cases, a 100 per cent rise over the 1938 prices. This increase was in sympathy with a general rise in the prices of food articles as a result of abnormal conditions created by the war.

To enable consumers to obtain supplies of pure ghee the Directorate of Marketing and Inspection inaugurated its 'Agmark' scheme in 1937 which has progressed steadily. In 1944 the total number of grading stations in the country was 59 and the total value of the ghee graded was Rs. 5,70,00,000 as against Rs. 15,00,000 in 1938. Even so only 4.5 per cent of the marketable surplus is agmarked. To be of greater benefit to producers, grading should be undertaken on a co-operative basis. Some of the other main recommendations are :

1. The production and consumption of ghee should be accelerated by increasing milk production and by the introduction of improved methods of milk fat extraction under village conditions.
2. The units of sale should be standardised by a rigid enforcement of the Weights and Measures Act.
3. A regular system of controlling ghee markets should be introduced by the establishment of Regulated Markets and cheap credit facilities should be provided to producers by organising co-operative ghee sale societies.
4. To ensure uniformity in the different provinces in the enforcement of food control laws, Provincial Government should promote central legislation for the hygienic control of food production distribution and sale.

CO-OPERATIVE SOCIETIES AT WORK IN INDIA

CO-OPERATION IN MYSORE—1947

A Note by the Co-operative Department.

Introductory.—The co-operative movement was started in Mysore in 1905. The movement began with the aim of providing credit to the agriculturists, as credit then was, and still is, the pressing need of the bulk of people. The business habits gained in co-operative credit societies provided the training for other forms of co-operation. Co-operation was successfully applied to non-credit business and was recognised as being a potent instrument for agricultural and industrial progress.

There are at present 2,549 co-operative societies in the State with a total membership of 2,26,596 and a total working capital of Rs. 3,68,88,094. Of these 4 are Central Co-operative Banks, 75 Land Mortgage Banks, 46 Marketing Societies, 27 Agricultural Supply Societies, 29 Housing Societies and 151 Consumers' Societies. As many as 430 Credit Societies both in urban and rural areas also undertook stores work.

Land Mortgage Credit —In April 1928 Government sanctioned the establishment of the Mysore Central Land Mortgage Bank as a Provincial institution independent of the Mysore Provincial Co-operative Apex Bank. The working of the Bank has been satisfactory from the beginning. Its sphere of operation has expanded practically over the whole State through 75 Primary Land Mortgage Co-operative Societies, which are affiliated to it, and it has sanctioned long term loans in 3,874 cases to the extent of Rs. 45,56,422 from the inception of business. As it is not the object of helping the proprietors of big estates who raise commercial crops for which more capital is required the maximum credit limit for an individual who borrows from Land Mortgage Societies is fixed at Rs. 10,000. The Bank has not found much difficulty in obtaining money for its task; its debentures floated already in 8 separate series are all taken up at a premium. The total debenture borrowings of the Bank amount to Rs. 29,18,800.

Co-operative Marketing.—The Malnad Areca Marketing Co-operative Society of Shimoga, The Cardamum Co-operative Society and the Bee-keepers' Co-operative Society of Saklespur, The Cocoanut and Copra Marketing Co-operative Society and the Cotton Marketing Co-operative Society of Arsikere call for special mention as they are positively helpful to the producers and minimise the evil effects of the local middlemen's practices, such as the manipulation of scales, weights and measures, charging for services of brokers and agents arbitrarily, deducting moneys towards contribution in the name of charity, religious functions etc., taking large 'samples' of produce which is neither returned nor paid for, and creation of circumstances perpetuating the growers' bondage. The Paddy Marketing Societies which have temporarily ceased to function during the last few years owing to the Government monopoly in respect of procurement are expected to prosper as soon as the restrictions are removed. The Mysore Provincial Marketing Co-operative Society, which is of recent origin, has been serving as a link, to the existing marketing societies and also consumers' societies. It also caters to the needs of the consumers' societies by procuring wholesale consignment even from outside the State. It made timely supplies of coffee seeds and pulses to several consumer societies. It is also intended to serve as a clearing house and an intelligence bureau so as to ensure proper returns to producers and to explore possibilities of wider marketing both inside and outside the State. It made purchases to the extent of Rs. 4,53,322 last year and effected sales to a total extent of Rs. 5,83,657.

Multipurpose Activities.—At present, many of the rural credit societies have combined non-credit activities such as the distribution of rationed and non-rationed articles and the sale of agricultural implements and iron materials with their credit business. 27 societies supply agricultural implements to the villagers. As these societies were scattered, the feasibility of having the implements and manure distributed through the Hobli Headquarters Societies was thought of in consultation with the Director of Agriculture and the proposal submitted to Government regarding the transference of Agricultural Depot work to Taluk Headquarters Co-operative Societies has since been sanctioned. The Hobli Headquarters Societies will be provided with facilities to draw their supplies from the Taluk Headquarters Societies on indents and distribute them to the inhabitants of the villages. The transference is being effected and the details of the methods of work and of accounting have since been worked out. This co-ordinated programme in the sale of the agriculturists' requirements through co-operative societies is also expected to serve as an aid in the expansion of the activities of rural societies in supplying all the requirements of members, such as credit, articles of consumption, agricultural implements, artizan's appliances and raw materials, besides arranging for the sale of agricultural produce. A scheme has been prepared and submitted to Government for reorganising the rural movement by the formation of multipurpose societies—one for each hobli, federated into Taluk Societies, which are in turn federated to District Wholesales. This is under the consideration of Government.

Rural Development Work.—Intensive work is being done in the hoblis selected for rural development with a view to improving rural credit and creating facilities for marketing of agricultural produce. Land Mortgage Scheme is being made more popular and the credit societies are also being induced to render assistance to members in arranging for the collective sale of their produce by elimination of middle-men. There are 1,098 societies in the selected hoblis with a total working capital of Rs. 36,66,540.

Small Savings Scheme.—The Small Savings Scheme, sanctioned in February 1944, was given effect to in August 1944. Wide publicity about the importance and benefits of the scheme is given by displaying attractive coloured posters in places of public resort and putting up printed boards at 22 important railway stations on the Mysore State Railway. About 40 slides advertising the scheme are being displayed in 40 selected cinema houses in the State.

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EDITORIAL NOTES

WIDER INTEREST IN INDIA'S MOVEMENT

It is of great interest to note that three important agencies are bestirring themselves to take an active interest in the development and spread of the co-operative movement in the Far East and India. The International Labour Office had a conference the year before last and discussed labour problems in the Far East and this year also it sent out a special officer to visit the South Eastern Asiatic countries and India to examine, among other things, the possibilities of promoting Co-operation. The International Co-operative Alliance at the Prague Congress passed a resolution for the promotion of Co-operation in under-developed areas, particularly in the Far East. It has since then planned on how to start a regional office of the Alliance in India, so as to actively implement the programme. The U.N.O. has a special organisation, the F.A.O., which has sent out a special representative to examine the problems of Co-operation on the spot by visiting India and the Far East. The F.A.O. is also thinking of having a regional office, probably in India, to serve the Far East. It is very stimulating to think, that, after all these years of comparatively subordinate role in the economic structure of the country, Co-operation is coming soon into its own. The Government of India have recognised that their economic policies should be based on Co-operation. Some of the Provincial Governments have already been actively concerned with the development of the movement in non-credit as well as credit organisations. It is a happy augury for the immediate future that the Government of the country as well as three important international organisations should be concerned with the promotion of Co-operation.

The special and peculiar importance of the co-operative movement to-day arises from the fact, that it alone affords an effective barrier against the spread of Communism. Capitalism as such has now a past but does not hold out any hope for the future. Nowhere are the dominant ideas behind capitalism and socialism, *viz.*, efficient production and just distribution, blended so happily as under the ægis of Co-operation. By themselves, pacts, leagues and alliances would not be potent enough to ward off the danger, unless through a happy, contented and thriving people, organised co-operatively. For the healthy spread and development of the co-operative movement, nothing is so essential as leadership of the co-operators themselves. While Government should certainly assist in every possible way, it is for the non-official co-operative workers to take the message of Co-operation to the small man. A national Government would not, it is true, be regarded with suspicion and distrust by the masses; but its

machinery would still be bureaucratic and red tape would not inspire the friendship and frankness, that are so essential. Large grants and subventions to the Indian Co-operative Union and various Provincial Unions would enable them to afford an efficient staff adequately paid and undertake a vigorous policy of drive so urgently needed to-day.

CO-OPERATIVE EDUCATION

We publish in this issue of the *Review* a number of articles on co-operative education, received in response to our invitation, from different provinces and States. We find from them that the only substantial educational work done by the Provincial or State Co-operative Unions or Institutes is the technical education imparted to entrants into the service of Co-operative Departments or employees of central co-operative banks or other co-operative institutions who choose to depute them for training. The vicissitudes these institutions have undergone are recounted. The Unions took up the task at first with enthusiasm, partly with a paid staff but mostly dependant on the honorary services of local veteran co-operators. It was not always possible to depend on the latter for affording any systematic training—at any rate after the first flush of enthusiasm. When the Government of India began giving a special grant to Provincial Governments ten years ago, for co-operative education, it was passed on to the Unions or Institutes only to a limited extent, for the conduct of panchayatdars' classes—though in some provinces for the running of institutes in the linguistic regions for the training of bank clerks, supervisors, etc.,—the Government themselves taking up the task of training their own employees and managers and secretaries of bigger institutions. Little encouragement was given to Provincial Unions or Institutes in the task of imparting higher education in Co-operation which should be their function.

The regional institutes affiliated to some of them cater to a lower cadre, whose minimum qualification is only a school final certificate. The course is far too short—9 months at the most and even $4\frac{1}{2}$ months in some provinces, followed by a few weeks of practical training. But the syllabus is often too ambitious and also beyond the reach of men of such education. Even 9 months as in the Central Institutes or the new Co-operative College at Poona cannot be sufficient for any specialised or advanced training except perhaps for some graduates who have done economic theory, banking and rural economics and Co-operation already. The Government appoints the teaching staff for most of the institutes, especially if it foots the bill, though they are said to be affiliated to the Unions. They are not selected for their teaching capacity, though some turn out to be good teachers. They cannot have the freedom to teach without any bias, as they might incur the displeasure of superiors who have different views.

It is for Provincial Unions to assert their right to take over education of all grades, right from the college down to panchayatdars' classes, recruit a cadre of competent teachers who have not only a sound knowledge of Co-operation and allied subjects but also have some intimate experience of the working of societies and above all exhibit a true co-operative spirit

in their activities. The All-India Planning Committee on Co-operation strongly recommended the establishment of a Co-operative College in each Province to be run by the Provincial Union or Institute. So far only Bombay has established such a college at Poona—we feel that the course is too short and hope it will be raised. Madras has, on the other hand, declined to have a Co-operative College run by the Co-operative Union or even by the Government, though there was a cry for it for over 15 years and the Madras Committee on Co-operation (1940) favoured it. It appears that co-operators in Madras agreed that the purpose of a College could be served by the institution of B. Com. (Hons.) course with Co-operation as a special subject. But we find that in this new course, Co-operation is only one of 8 subjects. The whole atmosphere is bound to be different. It is significant that Bombay chose to establish a separate College of Co-operation.

The Universities in India have all prescribed Co-operation as an important subject of study and examine candidates. But little has been done to foster research on the working of co-operative institutions of different types, which is comparatively easy on account of the data available and is quite essential for a detached study of the movement.

Attempts have been made in all provinces to organise courses or classes for panchayatdars; but they are attempted only very occasionally and fitfully and the courses are farcically short. A smaller number may be assembled in particular localities at definite intervals after due notice, and for a longer period each session. Lack of finance should not be pleaded by Unions. They must be enabled to collect a compulsory levy from all societies making profits, as is done in Bombay according to a recent legislation.

THE PRAGUE CONGRESS OF THE I.C.A.

We publish in this issue liberal extracts from the proceedings of the 17th Congress of the International Co-operative Alliance held at Prague, the capital of Czechoslovakia, lying between the East and West European countries between whom there is not a little tension now. India was represented there by Prof H. L. Kaji, Mr. B. J. Patel and Mr. V. P. Varde. There were representatives of 28 other countries from different parts of the world; and altogether there were 444 delegates. There was as usual, an overwhelming number from Europe, but the unusual feature was the presence of a very strong and aggressive minority from Eastern European countries, with an ideology not altogether co-operative, at any rate in the sense in which it is understood in Western Europe and other countries where Co-operation has grown from strength to strength but gradually. Delegates from Eastern Europe were wedded to State Socialism involving subordination of Co-operation as a tool of the State than as an independent organisation with an ideology of its own, which the State should have a regard for so long as it does not conflict with the interests of the State and the citizens; in fact it is all for the welfare and freedom of the latter. This minority opposed, or moved substantial amendments to, practically every resolution moved by the orthodox co-operators with

speeches which extolled socialism of the Soviet type and condemned the move of others as sinister.

It required not a little patience and tact and firmness on the part of Lord Rusholme, the President of the I.C.A., to steer clear or conquer the difficulties raised by such conflicts. In his opening address, the President regretted the tense atmosphere which overhang the international situation. He hoped, however, that the qualities of patience, tolerance and consideration for others, so well developed among co-operators, would come to the rescue and they would influence statesmen to avert war. It is a matter for satisfaction that the resolution on Peace was passed unanimously, which was not the fate of most other resolutions at the Congress. Lord Rusholme was optimistic that the work of the United Nations Organization in the social and economic field—to which the I.C.A. made an humble contribution, would help the solution of many a problem and bring about better understanding between nations.

THE WORK OF THE I.C.A.

The report of the Central Committee of the I.C.A. for the two years since the Zurich Congress, was next presented by the President. It was claimed that the I.C.A. ceased to be a predominantly consumers' organisation and was becoming more and more representative of every type of co-operative organisation. We find, however, ample evidence of the predominance of consumers' point of view rather than of others in most of the proceedings, though there is a readiness to accept some slight amendments to please others. The I.C.A. continued to publish the *Review of International Co-operation*, the I.C.A. news services in co-operative and economic editions, *Statistics of co-operative societies* and some special books. Economic Research is to be re-established and a new Foundation in the memory of the past illustrious General Secretary, H. J. May is to be created for the study of problems of International Co-operation. The I.C.A. was keen on organising "missionary propaganda" in countries where the movement was yet weak or unknown. This was indeed a good record of work, considering the small staff of the I.C.A. Secretariat and the scanty funds available. But the report and the organisation were sharply criticised by Eastern European delegates not so much for the work done but for the work left undone, failure to put up a fight against 'capitalist war-mongers' and 'imperialistic powers'. A strong plea was put in for devoting more attention to problems of agricultural co-operation by representatives of Israel, Italy and others.

RESOLUTIONS PASSED AT THE CONGRESS

The resolutions moved and passed at the Congress were only a few, unlike in our conferences. The first resolution was on the Promotion of Co-operation in under-developed countries, the moving of which was entrusted to our Prof. H. L. Kaji. It was an appeal to the international co-operative movement to help in the organization of all forms of co-operative activity—agricultural as well as consumers'—in the under-

developed countries of the world, spreading the knowledge of co-operative principles and practices, establishing contacts with pioneer co-operative circles, promoting interchange of co-operatively produced goods between different parts of the world—all with a view to raising the standard of living of people in all countries. Prof. Kaji's speech is reproduced. He admitted that India was co-operatively and economically backward but it was no longer a colony or dependency, as was suggested by the Soviet delegate in an amendment. He hoped that effective steps would be taken to implement the resolution; and Mr. Patel suggested a Committee of the I.C.A. for the purpose. This was not considered necessary by the Congress. We believe that the responsibility for the promotion of Co-operation in this country rests not a little on our national organisation, the All-India Co-operative Institutes' Association and the Provincial Co-operative Unions—may be on the lines laid down by the All-India Planning Committee. We hope that the resolution will not remain a pious wish.

The next resolution was on Co-operation and Housing. It stressed the need for providing adequate accommodation for all classes of people, especially for families of low income group, who had not so far been cared for even by co-operative organisations. It condemned land speculation and excessive profits in the housing industry. It wanted the national organisations to embark upon the production of the more important building materials so as to reduce their costs and not to allow private monopolists to carry on production and charge what they liked. This was done to some extent by the organizations in Sweden, Denmark and Switzerland. But it is a far cry in India, where co-operative housing has not touched the fringe of the housing problem even in urban areas, though the State was financing all the housing societies. And practically nothing has been done co-operatively for housing in rural areas. The State also can take up at present the production of building materials on a non-profit basis with a view to help the housing societies—instead of merely financing construction of houses.

There were two good papers submitted to the Conference, one on the subject of international co-operative enterprises and the other on the attitude of Co-operation to Nationalisation—on both of which resolutions were framed and moved and after a good deal of discussion passed by the Congress; but by no means unanimously as the strong minority voted against them. It has been the ambition of several international co-operators to symbolise their attitude by promoting some enterprises in which national organisations like the C. W. S. could be constituent members and extend their benefits beyond the confines of national frontiers. Already the joint C. W. S. of England and Scotland owning tea estates and factories distribute tea to other national organisations and allow them a share of the dividend on custom. Sweden, which is manufacturing electric lamps and accessories co-operatively is prepared to extend its sales to others and even to join others in a bigger international manufacturing enterprise. This should certainly be encouraged. There are a

a number of trade barriers in the way of the formation of such an international enterprise; but the feeling in the United Nations circles is growing strongly in favour of brushing them aside in future as was indicated in the Charter of the International Trade Organisation, signed by delegates of 53 nations, representing 90 per cent of the volume of international trade. The case for the protection of young industries in undeveloped countries, we suppose, will be granted, though the world cannot for long tolerate monopolies nor excessive protection in respect of essential commodities; sufficient stress was not laid, it seems to us, in respect of the possibility of joint enterprises among agricultural producers' organisations which are already nationally powerful and might easily get into international schemes.

Co-operative attitude towards Nationalisation was the subject of an ably written paper by Mr. J. M. Peddie (Great Britain), which aroused perhaps the keenest discussion and showed the distinct cleavage between the Western and Eastern European delegates of the Congress. Mr. Peddie traced the evolution of the progress of nationalisation in Great Britain ever since the establishment of the British Post Office long ago and the halting acceptance of State control, through Public Corporations, of electricity, transport, etc. Co-operators, like the Labour Party, had voted for schemes of nationalisation of land, minerals, railways, canals, etc., all along and even as recently as 1944. But the Labour Party, having been in power and desiring to continue in power, seems to hanker for further extension of nationalisation. This seems to have upset the co-operators in Great Britain, who have all along cherished freedom of enterprise in lines in which they have specialised, to cry halt to nationalisation in their sphere. They claim superiority in running the industries and services in lines catering directly to individual consumers, where personal preferences and tastes do matter most and should be allowed to be expressed freely in a democratic manner. This, they fear, will not be easy in State or municipal controlled institutions, where bureaucracy will butt in with its rigid and impersonal control. Co-operators went so far as to say that they would not "enter into a suicide pact" for transfer of their services, trade and industry to the National Boards and State Corporations, though given a voice therein. They would like to travel on parallel paths. The delegates of Eastern Europe claimed superiority for State Socialism, ownership and control of all resources, though in certain lines (distributive services and agricultural business) co-operatives might be recognised and encouraged as agencies of State. This subordinate role co-operators do not like. It is time that advanced co-operators came to a clear understanding as to the demarcation of spheres of State and Co-operation—not found in the resolution moved and carried. There seems to be a general feeling that the State should concern itself with the control and management, if not also ownership, of all primary means of production and certain key industries like iron and steel and heavy chemicals, and means of transport—leaving to co-operators industries and services catering directly to consumers, especially where personal choice is most valued.

We are not sure, however, whether in India, co-operators would at all vote for nationalisation of land—we mean ownership and detailed control by a State bureaucracy, instead of promoting peasant proprietorship—at any rate on all old cultivated land, though other experiments might be tried on newly reclaimed lands by the State. In all countries advanced in Co-operation peasant proprietorship was the bed-rock on which all forms of agricultural Co-operation were built.

In India Co-operation has been developed most on credit side. But in respect of credit too, though the Gadgil Committee felt that the State should create and help maintain agricultural credit corporations for financing agriculturists, ultimately they looked forward to active help by village co-operative societies to scrutinise the methods of use of loans and their repayments by borrowers. That co-operatives can play more than a subordinate role like this and, given some aid by the State, can themselves through their federations organise finance and dispose of loans on a wider scale was the opinion of the All-India Co-operative Planning Committee. It is time that in India too co-operators gave more thought to demarcate the spheres of action of the State and co-operatives, and clarified issues, that may not be burning problems to-day but will become so in the near future.

SERIOUS PROBLEMS FACING THE MOVEMENT

The co-operative movement in India to-day shows some ugly features and the attention of co-operators must be focussed earnestly to remove these blemishes and difficulties. Surplus funds with co-operative banks in urban centres do not find investment within the movement and co-operative banks are taking to commercial banking, with a desire for profit making. Land mortgage banks find their business either gone or going. The high prices of agricultural produce have led to advance repayments of dues by borrowers and debt legislation has led to a greatly slackened demand for loans. Marketing societies are suffering a great amount of attrition, because of State control of prices, distribution and procurement. Housing societies remain paper organisations for want of building materials. The consumers' stores are uncertain of the future, in the absence of any earnest attempts at providing strong central wholesales. Industrial societies are yet too much in their infancy to enable one to judge of their future. In the absence of a proper sale organisation, these also have but a poor prospect. Government and leaders of co-operative thought must co-operate and find out ways and means to solve these difficulties and enable the movement to achieve greater and definite success.

LECTURES AT INTERNATIONAL SCHOOL OF CO-OPERATION

We are, in this issue, publishing reports of two lectures delivered at the International Summer School, Prague—one by Dewan Bahadur H. L. Kaji on the subject of Rural Reconstruction in India and the other by Dr. M. Bonow of Sweden on Co-operation and Politics. Prof. Kaji has summed up in very eloquent terms the achievements of agricultural societies of various types in India, not concealing their shortcomings, and pointed out the scope for further development, especially in the marketing line on which we should concentrate in future.

Dr. Bonows' is a serene and sober thesis on the advantages of the co-operative movement remaining neutral in politics and religion, according to the Rochdale tradition, which has been followed more in Great Britain and the Scandinavian countries than in other countries of the West, not to speak of Eastern Europe. Both these lectures will amply repay perusal by co-operators.

MULTI-PURPOSE SOCIETIES

One of the articles published in this issue is on the actual working of a multi-purpose society—the Alamuru Rural Co-operative Bank, in the East Godavary District of the Madras Province. There has been far too much talk about multi-purpose societies, in some cases followed by mere organization of societies in large numbers but by no means followed up by active working of the same. Just a little supply of seeds and manures or distribution of consumers' goods placed at their disposal by an obliging Government is all that is being done by many of these multi-purpose societies. There may be Alamurus unadvertised in other provinces. But co-operators have a right to call for more publicity of their work for their own enlightenment. We invite contributions on the subject by those who have worked the societies like Mr. N. Satyanarayana, the indefatigable co-operator of Alamuru.

THE LATE DR. P. GURUMURTHY

The co-operative movement in Andhra Desa has sustained a severe blow in the sudden demise of Dr. P. Guruswamy of Rajahmundry on the 18th December, 1948. He was aged 64. He had been ailing for some years. But so enthusiastic was he in the co-operative cause that he did not mind his illness and rushed to serve. It is nothing surprising that he went to Palakol to preside over the West Godavary District Co-operative Conference, where he expired suddenly. He was a member of the Standing Committee of the All-India Co-operative Institutes' Association, Vice-President of the Madras Provincial Co-operative Union, Director of the Madras Provincial Co-operative Bank and South India Co-operative Insurance Society, President of the Andhra Desa Co-operative Union, and of several district and local co-operative institutions. Really there was no co-operative institution in or near Rajahmundry which did not seek his active support. He was a co-operator of tireless energy, great courage and infectious enthusiasm. He was also a well known political and social worker, in the cause of the Congress and Harijan Sevak Sangh. He was held in high esteem by fellow medical practitioners; he was Vice-President of the Andhra Branch of the Indian Medical Association. His love of civic work brought him the chairmanship of the Rajahmundry Municipality. In fact, there was no sphere of work which he undertook in which he did not distinguish himself by his courage, enthusiasm and active service. He was indeed a versatile co-operator and his loss will be widely mourned in the Andhra Desa and Madras Province; and the Indian co-operative movement is definitely poorer by the passing away of such a personality.

CO-OPERATION AND RURAL RECONSTRUCTION*

By

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The world is in the throes of a new birth. From the churning of ideas, is emerging a new economic basis of society. Aggressive capitalism leading on to militant nationalism and progressive socialism leading on to petulant expansionism clashed and crashed and hurled the world twice into the cataclysmic holocaust or armageddon. Torn and battered, worn and shattered, peoples pant for peace. The warring ideologies—Controlled Capitalism and State Socialism—reveal the deficiencies of each and compel the search for a new order, founded not upon aggression and aggrandisement, not upon class antagonism and exploitation, but upon love and sympathy, justice and equity, where each works for all and all work for each, so that enmity and discord will be replaced by amity and concord, and militant nationalism by beneficent internationalism and a realisation of the universal brotherhood of man without distinction of class, colour or creed. The age of machinery ushered in by the industrial revolution can no longer be allowed to degenerate into an era of increasing social inequalities. The cult of leisure, the lust of pleasure, the hunt for treasure must go ; the obsession of ever increasing production must go ; the depression of increasing mal-distribution must go. The true test of civilisation and culture is not merely efficient production but more equitable distribution. It is Co-operation that stands forth to-day as the only true hope of a war-torn, war-weary, world. Statesmen have begun to speak of Co-operation on the international plane and we devoutly pray that words will soon lead to realisation and conviction that it is Co-operation alone that will end rivalries and jealousies and bring true happiness, which after all is the goal of civilisation. The Atlantic Charter exuded the aroma of Co-operation. Mahatma Gandhi, leading straying humanity to the paths of truth, love and Ahimsa—the antithesis of exploitation—symbolised the spirit of Co-operation. The great Soviet Republic believes in Co-operation. Well ! May Co-operators gathered here hope that the second half of the twentieth century will be the Age of Co-operation !

Co-operation seeks to smooth out social inequalities by assisting the weaklings of society to achieve economic strength by co-ordination and association and has a strong appeal for the poor and the downtrodden. The small man in urban areas, be he the cheerless clerk, the toiling artisan, the sweated labourer or the shiftless mill-hand, needs the beneficial agency of Co-operation ; but the small man in rural areas needs it ever so much more. In India, China and other monsoon lands accounting for about half the world's population, there is the glaring anarchism

* Lecture delivered at the International Co-operative School at Jiloviste, Prague on 17th September 1948.

of a modernised, efficient urban population co-existing with a mediaeval ignorant rural population with a standard of living sometimes even below the standard of subsistence. It is in the rural areas with the rural population about 90 per cent of the total that Co-operation finds its most congenial soil and most urgent scope. The problem of a proper reconstruction of rural economy has engaged the attention of the State for several decades and Co-operation has been accepted as the only correct basis for the purpose. In recent years, the scope of Co-operation has been more widely recognised and Free India has acclaimed Co-operation as the basis of its national economic policy and a Co-operative Commonwealth as its goal. While the U. S. A., and U. K., show the high water mark of capitalistic efficiency, while the U. S. S. R. shows the high water mark of socialistic endeavour, it is the ambition of India to reach the high water mark of Co-operation in rural reconstruction in the service of her vast rural population of about 310 millions. The achievements, so far, have not been inconsiderable and fortify us in faith that with a vigorous programme of adult education and compulsory primary education, with the shifting of the emphasis from credit to non-credit, with keener genuine interest and ample assistance in men, money and materials by the State and with the harnessing of the spirit of service and sacrifice so prominently displayed during its fight for freedom, the work of rural reconstruction on a co-operative basis will proceed on apace and lead to a marked improvement in the general economic level of the masses, bridging the chasm between the rural and urban populations.

I shall now proceed to place before you a picture of the present position and future possibilities of Co-operation in India as the basis of rural reconstruction. The urban movement has also developed quite well and the consumers' movement, so long tried and given up, cannot be any longer ignored ; for it has assumed great proportions and importance during, and on account of, war conditions, with the attendant inflation and corruption, economic controls, and draconic rationing and black marketing. But as the scope of this lecture is restricted to the role of Co-operation in rural reconstruction, I shall confine my observations only to the rural movement.

Rural reconstruction has a three-fold aspect—the *Man*, his *Place* and his *Work*. All three demand a close study and determined endeavour, but the first, the *Man*, is perhaps the most important. Stupendous and momentous changes that have convulsed the world have left India's villager almost untouched, excepting economically. His subsidiary occupations and cottage industries decayed ; small as his holding was, it was fragmented into smaller units ; food crops gave place to money crops, and the middleman with better knowledge of changing conditions promoted increasing shrinkage in his earnings from agriculture. British Rule gave peace and security, it is true. But it is a sad reflection that during the

150 years and more, it did very little to promote education, so that barely 10 per cent of India's population, urban and rural, is literate. No wonder that the Indian villager is illiterate and ignorant, listless and apathetic, helpless and hopeless. The first task of transcendental importance in the reconstruction of villages is, therefore, to take in hand earnestly the problem of adult education and literacy. Till the man is ready, no scheme can succeed. No benevolent paternalism or dictatorial democracy can dragoon him into efficiency or can regiment him into sufficiency or marshall him into prosperity. The Indian villager has now awakened from the slumber of ages but till education makes him vocal and receptive, the efficacy of all policies and programmes will be extremely doubtful. A few educational co-operative societies have been started and a few co-operative schools are working, it is true. But it must be conceded that adult education cannot be accepted as being within the domain of Co-operation. Yet the large army of honorary workers which the co-operative movement has attracted are alert and willing to devote some time and energy for adult education centres in villages, since, after all, adult education is almost the condition precedent to the success of Co-operation itself.

The second aspect of rural reconstruction is the *Place* where the villager lives and works, that is the village itself. The Indian village as a rule is unhappily not the abode of peace, calm, beauty, cleanliness, health and happiness. No recreation facilities, no social amenities cheer and beguile the monotony. Streets, tortuous and a trap for the unwary, are drains in the rains. Road transport fails to arouse any transports. Sanitation and ventilation are badly neglected and medical aid is sadly absent. To reconstruct the village is a colossal task. Housing, sanitation, dispensaries, better roads demand earnest attention on a mass scale. Co-operation has already stepped in to do what is possible to achieve in this direction, and co-operative societies have been found useful. The Punjab and the United Provinces have more than 6,000 *better living societies*. Their objects have been the eradication of social evils, such as extravagance on ceremonial occasions, importance of sanitation and hygiene and discouragement of litigation. Litigation often over trifles and often costly and interminable, is a strange pastime the villagers delight in. To check this habit *arbitration societies* have also been organised in the Punjab and some other provinces. Of greater interest are the societies engaged in public health and medical relief. Malaria is a terrible scourge, most notable in Bengal, and *anti-malarial societies*, numbering more than 1,000, have done very good work in clearing jungles, kerosination of tanks and distribution of quinine. Punjab, too, has a little under 1,000 *public health and medical aid societies*, which maintain running dispensaries and first aid posts. Though Co-operation is willing enough to extend its beneficent influence to rural reconstruction generally, it is obvious, that the work so far done is not in any way adequate, looking to the immensity of the problem. Nothing short of widespread State machinery

will reconstruct the village and the villager. It is only when this objective has been achieved, to at least an appreciable extent, that voluntary efforts, by the people themselves, can make further head-way with adequate grants and subventions from Local Boards and Government. The replacement of co-operative credit societies, however, by multipurpose societies, now actively in progress, gives us reason to hope that the societies will become the centres of village life in all its aspects, and will include within their scope the reconstruction of the village no less than that of its economic well-being. Departmental administrations have often, unfortunately, the tendency towards separatism, each Department desiring to evolve its own scheme and its own centres for the furtherance of its special activity for the village. But the simple needs and simpler life of the villager demand co-ordinated outlook and comprehensive approach, so that the villager may not be viewed as a bundle of so many different needs but as a whole. The multipurpose co-operative society has a great future before it in the task of rural reconstruction on all fronts.

The third aspect of rural reconstruction is the *Work* of the villager, that is the economic aspect of his life. The main occupation of the rural population is agriculture, and, like other industries, agriculture, needs facilities for finance. The co-operative movement in India was inaugurated in 1904 for this main purpose and co-operative credit societies were organised. Since then the credit movement developed quickly and by the end of June 1946, the number of societies stood at about 125,000, the number of members at 5.5 millions and the working capital at Rs. 330 million. That the soundness of the organisation depends on regular payments of the loans advanced has never been in serious doubt. The high prices during the war and thereafter have placed the agriculturist in a position infinitely better than he ever was in before. Strenuous efforts are being made to stabilise the gains and conserve the strength of the war period, so that even when things revert to normality, no serious setback may be experienced.

It is interesting to note that these credit societies did not prove self-sufficient in the matter of finance, and a sort of federal structure has grown up to support these village primaries. Central co-operative banks and banking unions were formed in the districts to which the primaries were affiliated, and provincial co-operative banks came out as apex institutions of which the district banks were members. These banks at the district and provincial headquarters supply about 33 per cent of the total working capital of the primaries, which can boast of an own capital of about 50 per cent the rest being made up of deposits by members and non-members. It must be admitted that progress has not been uniform in the different provinces. Bombay and Madras show greater development and more ordered progress than other provinces in the Indian Union, but the picture as a whole of the development and growth of co-operative credit is sufficiently creditable.

It may well indeed be asked why, in view of such developments, the co-operative movement has not reached anything like its goal in these forty-four years. In the first place, the movement was sponsored by Government and that, too, an alien Government, so that national leaders looked at it with suspicion and distrust. It remained a State policy and never became a peoples' movement. In the second place, credit in the hands of an educated person is a facility for better and greater production and consequent greater gains, but credit in the hands of the ignorant, indebted villager, often proved to be rather a curse than a blessing. The great mistake has been committed of ignoring the man. Adult education should have preceded or at least been synchronous with Co-operation. In the third place, not only did the Government sponsor and encourage the movement but it also controlled it. Registrars of Co-operative Societies in the various provinces were not merely registering officers but assumed the role of "friend and philosopher and guide". No wonder that, in these circumstances, an essentially democratic movement like the co-operative movement, a movement of the people, for the people, and by the people, failed to achieve its true stature and remained a State policy.

Another important reason, however, has been the obsession of credit Co-operation. Supply, production and sale were neglected, almost ignored. Credit was considered to be all powerful to set the agriculturist up properly. It was forgotten that the village money-lender, whom the co-operative credit society sought to replace, was not merely the usurer. There was a human bond between him and his clients, and besides he was the village trader and retailer who supplied agricultural and other requisites to them and also bought their produce. Co-operation attacked the village usurer on one front only and left the villagers to his mercy for their supply and sale. It is only by the provision of a suitable agency that would take his place in every direction and that would do all that he did, and that, too, in a better way, that the full beneficent fruits of Co-operation will be gathered.

The realisation of the urgency of non-credit developments has come out lately, more particularly during the war period. But even years ago consciousness had begun to dawn, about the need and potency of non-credit Co-operation. Quite a number of *cotton sale societies* in Bombay have been running with outstanding success and have developed processing work further by organising co-operative cotton gins and presses. The federation of these societies arranges the distribution of improved seeds and manure and also insurance of the members' produce. Other co-operative societies in Bombay dealing with special commodities, like fruits and vegetables, mangoes, arecanut and gur (jaggery) have followed suit. Several *purchase and sale unions* ministering to the needs of an entire district or its smaller sub-division have also been promoted in Bombay. Madras had paddy, groundnut and tobacco sale societies.

But progress in the direction of co-operative marketing was fitful and spasmodic. The Punjab interested itself in co-operative *consolidation of holdings*, and demonstrated how Co-operation can successfully penetrate, where even legislation fears to tread. The laws of succession unfettered by primogeniture result in continued fragmentation, making agriculture uneconomic and rural prosperity an illusion. Such societies number more than 2,000 and the area consolidated so far amounts to more than 1½ million acres. The benefits of consolidation have been apparent in the promotion of agricultural efficiency and the example of the Punjab was attempted to be copied in other Provinces and States. But it is doubtful how far permanent success and prevention of fragmentation is possible under a co-operative scheme. There are many other miscellaneous types of work directly or indirectly affecting agricultural efficiency which have been organised co-operatively. Land reclamation, prevention of soil erosion, fencing, crop protection, irrigation all and sundry have been experimented on by Co-operation. But, after all, these are but side adjuncts in agricultural economy.

The problem of the sale of agricultural produce is of fundamental importance in rural economy and the attention of the movement should not be diverted unnecessarily to tinkering with special aspects, here and there, but must be concentrated, as it was on credit hitherto, on developing an organised system of co-operative marketing. It was left for World War No. II to awaken this vivid consciousness and to the definite realisation that the future of Co-operation lay more in the organisation of supply and sale than of credit only, bolstered up here and there, with a sprinkling of societies of other types.

Co-operative marketing societies have now engaged the earnest attention of both the State and the people and efforts are being made to organise co-operative sale of agricultural produce more systematically. The credit societies are being converted into multipurpose societies and co-operative opinion, official and popular, has definitely grown in volume and insistence for vigorous all out effort for co-operative marketing.

So far, however, co-operative marketing is reluctant to shoulder the functions of trading and is content with functioning as an agency disposing of the members' produce on a commission basis. With experience, this limitation and restriction will have to go and a fully developed organisation will enable even holding up the produce for a rise in prices. At present, a sort of federal structure is in the process of evolution, as in the case of credit. The multipurpose societies serve the credit, supply and sale requirements of a village or a group of villages. These primary units will be linked up with district federations and these will in turn be served by the apex provincial marketing organisation.

Apart from the multipurpose societies, the number of marketing societies in Bombay is already about 200. It is of interest to note, that the better class of agriculturists, who refuse to join the village credit

society on account of the bugbear of unlimited liability, are willing to join marketing societies and take interest in their management. *Provincial marketing societies* already exist in Bombay, Madras and the United Provinces. The Bombay society has made a good beginning, as a central agency for the distribution of rationed articles to consumers' stores, for purchase and sale of consumers' goods, tools and implements, and also for the distribution of groundnut oil cake, chemical manures and paper to co-operative institutions.

The United Provinces have registered, however, a remarkable progress in the development of co-operative marketing. The most important aspect of the movement in the region is the development of *cane societies*. They are combined into *cane development and marketing unions*, which have been responsible for supplying 70 per cent of the total cane supplied to the factories. This swift progress has been possible, because of the active assistance of the Provincial Government. The *Provincial Development and Marketing Federation* in that Province has been doing fairly good work during its 5 years of existence. The adjoining Province of Bihar also shows similar progress. The number of cane societies in the two provinces is about 5,000 and the number of unions about 150. Bengal is one of the most important provinces which calls for co-operative marketing, perhaps more powerfully than any other province. Jute and paddy are the two great commodities, demanding earnest attention and while earlier experiments have not succeeded, Bengal is striving under the impetus of the new Government to have provincial, district and village units for organising sale and supply.

Agriculture in India is generally speaking a nine months' occupation, leaving to the agriculturist an enforced leisure for at least three months. Vastly extended irrigation, greater manuring, consolidation of holdings and larger farms with better tools and implements would be necessary to make agriculture a twelve months' job. Agriculture must become intensive. Further, the agriculturist must not be content to sell his produce as he reaps it but should engage himself in processing work, so that the produce may be converted into the form required by the consumer. Paddy must be husked and milled into rice; wheat must be converted into flour; raw cotton must be ginned and pressed into bales; groundnuts must be decorticated and crushed for oil and oil-cake. Or, in the alternative, small subsidiary industries should be taken in hand. Apiculture, pisciculture, sericulture or silviculture, basket-making or rope-making, leather-making or match-making—one or more best suited to the agriculturist's needs and leisure should be developed. Above all, the *Charkha* provides the great age-long supplement to his slender income. Whether the agriculturist can or cannot take up these occupations economically may be open to doubt; though with assistance in men, money and materials from the State, there would not be much room for such doubts. But the question is of providing occupation for the agriculturist during his enforced leisure

of at least three months. Obviously no person can maintain himself and family for 12 months on the earnings of 9 months and the agriculturist cannot be allowed to carry on any longer with three months' vacation without pay. Attention is, therefore, being increasingly focussed on the development of village industries and on cottage industries in general. In recent years, China built up under stress of war a highly successful structure of industrial co-operatives—the Induscos—and India has taken up the matter earnestly, so that industrial co-operatives are being organised in large numbers. Handloom weaving being a cottage industry of considerable importance, *weavers' societies* have already made much headway, notably in Madras and Bombay, though the United Provinces is fast making up leeway. Madras and the Central Provinces have even organised provincial handloom weavers' societies, Bombay has recently set up district industrial federations and a provincial industrial co-operative association and expects to promote cottage industries at a fairly rapid pace.

Co-operation has thus entered into the field of rural reconstruction in no uncertain or hesitant manner. The economic aspect of the village has engaged its attention more fully, it is true; but its contribution to the reconstruction of the man and the village have not been meagre. The programmes and policies of expansion, diversification and re-orientation hold out high hopes of potent possibilities and the next ten years should show striking success of co-operative endeavour. The problem is immense and has far-reaching implications. India is yet in the main a land of villages and reconstruction of the whole village life is a stupendous task. It requires close co-ordination of effort, dogged determination, purposeful persistence and energetic efficiency of all concerned—the State, the local leaders and the urban intelligentsia. Loose talks about conscription for social services in villages do not mean much. It is not mere words in the press or on the platform, in the committees or in the conferences, in the councils or communiques, in pronouncements or in announcements that spell success. Success follows deeds and deeds only come from grim realisation of the need. With the attainment of freedom, India is faced with numerous problems of the first magnitude, but apart from defence against aggression from without and transgression from within, other problems may well wait for a few years. Attempts to tackle all problems at the same time lead nowhere. Concentration is essential and imperative on rural reconstruction which demands the first priority. And, what other agency can shoulder that burden in a country which has for its goal a Co-operative Commonwealth, but Co-operation! Well does India see in it "the best hope of Rural India", for indeed to her, there is "No Salvation without Co-operation."

CO-OPERATION AND POLITICS*

By

DR. MAURITZ BONOW,
(*Sweden*).

First of all I wish to point out that my lecture will deal with the relations of the co-operative movements to politics only in such countries where there is no one-party system. In countries where one political party has a decisive influence upon the economic development, the relations between the co-operative movement and party politics necessarily are of quite another type than is the case in countries where several political parties appear as competitors in the general elections and where the majority may shift from one group of citizens to another and, as a consequence, the Cabinet will from time to time have different colours in party political respects. Not being acquainted with the problems in the first type of society I am not going to deal with them at all in this lecture.

The Neutrality Principle

The natural starting point for my lecture is the Rochdale Principles. Among these principles there is one stating that the co-operative movement as such shall be open to all citizens who wish to promote the co-operative development. The implication of this principle is naturally that a co-operative enterprise as such cannot make political decisions or engage itself in party political struggles or in religious disputes. Co-operative enterprises as such have to abide by the principle of political and religious neutrality. I need not dwell upon the historical background of that neutrality principle. The experience derived already by the Rochdale Pioneers clearly showed the risks of splitting the co-operative movement according to different religious and ideological creeds. As this is very thoroughly discussed in the reports to the I.C.A. Congress in London in 1934 and the I.C.A. Congress in Paris in 1937, it may suffice to quote some sections of the 1934 report on political and religious neutrality:

“With regard to the origin of neutrality in the co-operative movement, the following facts may be of interest as they carry its introduction into Co-operation further back than the Pioneers’ Society. In 1892 the Co-operative Congress held in London adopted the following resolution :

‘Whereas the co-operative world contains persons of all religious sects, and of all political parties, it is unanimously resolved that co-operators, as such, are not identified with any religious, irreligious, or political tenets whatever, neither those of Mr. Owen nor of any other individual.’

*Lecture delivered at the International Co-operative School at Jiloviste, Prague, Sept., 1948.

Neutrality in politics and religion is not expressly mentioned in the "First Law" of the Pioneers and it is doubtful whether the Rochdale Weavers thought it necessary to embody in their statutes a statement of principle that would be obvious if it were discussed, and in the absence of the organisation of political parties, such as we know them to-day, would be unnecessary."

A further interesting historical evidence is contained in a letter from Abraham Howard, President of the Pioneers' Society, 1861. Quoted by Holyoake, Part II, Chapter XII.

"The principles of the Rochdale Co-operators are, 1st, not to enquire into the political or religious opinions of those who apply for membership into ours or any of the various co-operative societies in our town; 2nd, the consideration of the various political and religious differences of the members who compose our societies should prevent us from allowing into our councils or practices anything which might be construed into an advantage to any single one of each sect or opinion."

The letter from which the foregoing extract is quoted was addressed to the Press in response to an attack on the society charging it with exercising 'sectarian influence'. The statement of principles which it contained was approved by the Board and the General Meeting of the members, and was ordered to be entered upon the minutes by a special resolution of the members.

It was further recommended 'in the name of the Pioneers and co-operators of Rochdale that all new societies stand by the principles above laid down, and never seek to enquire what politics or what religion the persons applying for membership are, but take all those who are willing to subscribe to the rules.' "

The experience referred to was naturally influenced by the special conditions which were prevailing at the time when the co-operative movement was founded, now more than one hundred years ago. It may be said that since that time there has been such a transformation of society as a whole that the state of things is now quite different.

It is certainly true that the general economic conditions have changed tremendously during one century. In many countries the religious differences play a much less important role nowadays than a century ago. On the other hand there is no doubt about the enormous widening of the sphere in which party political discussions now have a decisive influence in comparison with what was the case a hundred years ago. In the middle of the last century the scope of the State's authority was much narrower than it is to-day: the State had to protect the citizens against aggression

from abroad and secure their civil rights as laid down by the Constitution and in common law. During the liberal period the State did not in other respects interfere in any considerable extent in the economic and social life. The State was called "A Guardian State".

Nowadays the activities of the State are extended to every corner of the community through economic and social legislation and so on. The technical development has made it possible for the Government to intervene in and to regulate different spheres of the economic and social activity to a much greater extent. The Government of a modern State is influencing the economic and social structure in a most important manner. It may naturally be argued that, this being the case, there does not exist to-day the same possibility for the co-operative movement to avoid party political engagements as formerly. The economic and political problems in the modern State are so interwoven with one another that a form of economic enterprise cannot look upon the party political decisions as immaterial. It may thus be argued that the co-operative movements are, so to say, forced to take part in political decisions in a more or less direct way in order to protect the economic interests of the members and their enterprises. This argument ought naturally to be considered very carefully. As a matter of fact this very problem was discussed in the Report to the I.C.A. Congresses both in 1934 and 1937, and the position was taken that while the co-operative movements undoubtedly had as their most important task to defend the interests of the consumers this protection could best be achieved without linking the movement to any special political party. I quote the Report to the Congress 1937 :

" The Committee desire to emphasise the fact that the political neutrality of Co-operation is not a renunciation of the responsibility of co-operators to defend the legitimate interests of their economic system before the legislature, but rather a strengthening of their defence by reason of its freedom from identification with any particular political group or party, thus enabling the movement to give the most catholic and representative character to its claims, whether for equitable and just treatment under the law ; the reform of the law ; or even new legislation."

It may be mentioned in this respect, that the enquiry about the attitude of different co-operative movements towards political and religious neutrality showed that a very big majority (84 organisations out of 90) declared their adherence in principle and in practice to neutrality in politics. I may add, as a representative of the Swedish Co-operative Movement, that co-operators in our country are of the opinion that consumers' co-operation will have the best opportunities to defend the consumers' interests on the basis of political neutrality. We have the firm conviction that party political engagements by the co-operative movement involve such grave risks in different respects that the possible advantages of such an attitude are insignificant.

In order to make clear our position towards the co-operative neutrality problem in Sweden, I think it is necessary to discuss not only general arguments in favour of our point of view but also to dwell more in detail on practical examples. I think the problem may be most clearly demonstrated if I discuss the reasons for political neutrality within consumers' co-operation separately. Other forms of co-operative enterprises, for instance farmers' co-operation and housing co-operation, have at least to some extent similar problems.

The Protection of the Consumers' Interests in the Modern State

Let us first of all state that the consumer interest has a very general character. In modern society where different groups of producers have formed strong organisations in order to protect their special interests, it is necessary to have some counterbalancing force in the form of an organisation protecting the consumer interest. The modern society is characterised in a high degree by big units in the economic life, which exert much greater influence upon the market as a whole than was the case in earlier periods when the economic life was built upon many small units, which each had but scant influence on price and market conditions. These small units have now been merged into strong collective bodies, which have a decisive influence upon the markets. Strong organisations unite individual enterprises and the individuals themselves, and we have a system of collective bargaining which decisively influences the pricing process on different markets in modern society. This means, for one thing, that the liberal pattern of price fixing has been destroyed, and together with its disappearance the protection given to consumer interest in the form of free competition between many small units has been lost. Under the prevailing conditions of a kind of collective bargaining between strongly organised interests, it is an absolute necessity that the consumer interest should protect itself by the most comprehensive and strongest organisation possible.

The consumer interest, as already mentioned, is of a very general character; it so to say cuts through practically all strata of society, and cannot be identified with any special party political line. To protect the consumer interest it is necessary, irrespective of political differences from day to day on certain questions, and irrespective of party political differences in the long run, to have a free and voluntary organisation built up by as many consumers as possible to protect the pure economic consumer interest. If my sketchy analysis is correct, it follows that a splitting up of the consumer organisation into different groups, according to different party political opinions or according to any other ideological or occupational ground, would mean that consumers' co-operation would be less effective as an instrument to protect the common consumer interest.

Some Practical Examples

I may mention as an example from Sweden that the co-operative movement has been able to influence the agricultural protective policy to the benefit of the consumers in several respects. This agricultural policy started already in the early thirties as a result of the international industrial and agricultural depression and has been carried on ever since. From 1933 agricultural policy has been decided by political compromises between the Labour Party and the Farmers' Party in this country. I have myself followed the development in this special field very closely, and I think I can say that if consumers' co-operation had been affiliated, for instance, to the Labour Party, to which the majority of the members within the movement probably belong in political respect, this would have meant that the movement's possibilities to look after the consumer interests in the best way would have been considerably less than has in fact been the case. The independent position of the consumer co-operative movement towards the political parties and their changing policies has been of great value.

If a co-operative movement is affiliated to a political party it is evident that the members belonging to other political parties will take a hostile view about the movement itself. This must diminish the possibility of getting support from all groups of consumers and will make the movement less efficient. It may be said against this conclusion, that a splitting up of the co-operative movement according to different party political viewpoints may also have some advantages. The example often mentioned in this connection is the Finnish case. Both the Finnish movements, the so-called neutral movement and the so-called progressive movement, are competing with one another in retail distribution. This has meant that probably a larger part of the Finnish population has been won over for the co-operative movement than would otherwise have been the case. In Finland the co-operative proportion of the total retail trade is no less than 40 per cent. On the other hand, however, it is acknowledged, even by the co-operative leaders themselves, that the splitting of the movement into two sections of about the same magnitude has made it much more difficult for the Finnish Co-operative Movement to start big scale industrial enterprises to protect the consumer interests against cartels and private monopolies.

If the splitting of the co-operative movement according to political and religious differences should be very far reaching in a country, one could visualise a great number of co-operative organisations competing with one another, each too small to be able to influence price fixing effectively from the consumers' point of view. How such a splitting up would turn out in practice would depend, among many other things, upon the economic and political structure of the country concerned. In countries where a very big proportion of the population is engaged in manufacture, trade and so on, and a very small percentage in, for instance, agriculture, the risk in establishing too many small competing co-operative

movements might be less grave than in countries where the industrialisation process is not so advanced. But even in highly industrialised countries where the number of members belonging to the working population is very important, party political engagements might entail the risk of splitting the movement if it should join or support the Labour Party. The co-operative movement might then meet with the same difficulties as the Trade Union Movement in several countries where the Social Democrats and Communists have been fighting intensely to obtain control of the local Trade Unions or the central organisations of the Trade Union Movement. In a democratic State where the political majority may shift, serious repercussions are probable for a co-operative movement not adhering to the neutrality principle.

A Special Co-operative Party ?

My survey would not be complete if I did not mention the possibility of creating a special co-operative political party. As you all are very well aware, this method has been tried in Great Britain, and there is no need for me to enter upon the reasons which prompted the British Movement. My personal opinion about forming a special co-operative political party may be expressed as follows : The risk is that the co-operative party may be looked upon by the other political parties as an intruder with the result that they might be more or less hostile against the movement as such. To diminish this risk, the Co-operative Party may naturally try to collaborate in the elections with some of the other parties. As far as I know, such a collaboration has been established in Great Britain between the Labour Party and the Co-operative Party. Such a close collaboration with a political party has naturally in many respects the same drawbacks as a direct party political engagement. When the party with which the movement directly or indirectly collaborates is in power, the movement might get some advantages. On the other hand when the party in question is no longer in power, this might result in some political action being taken against the co-operative movement. I am not familiar enough with the practical experiences of the co-operative movement in Great Britain under Conservative and Labour Cabinets to be able to illustrate my general reasoning on this point. There can, however, be no doubt about the possibility that such a political affiliation may lead to such consequences.

To form a quite independent co-operative political party would in my opinion, indeed be very difficult. The basis for such a party must necessarily be very narrow. The co-operative movement as such must demand such legislation regarding taxes and other economic State measures as will enable it to compete with private traders and producers on equal terms. This means that the movement should not ask for special favours or subsidies from the State nor, on the other hand, should it be subjected to discriminatory legislation. Equal treatment of different forms of enterprise competing with one another in a modern community is necessarily a consumer interest

proper. If consumers' co-operation and other enterprises are looked upon not as ends in themselves but as means for giving the consumers and citizens in general the greatest possible advantages, it is natural that competition should be effected on equal terms between different forms of enterprise. Only if such equal conditions prevail will it be possible to get an objective estimate of the real effectiveness of different forms of enterprises. If a Co-operative Party be founded with this specific programme—that is to say, to work for equal treatment of different forms of enterprises—such a programme must necessarily be a very narrow basis for a political party. The political parties in democratic States have to draw up programmes covering a much larger field than this, they have to deal with internal and external politics, not only in the economic field but in many other respects. For that reason alone it is very difficult to see how a special Co-operative Party could function without entering into collaboration with some of the existing parties.

I am, of course, not trying in any way to suggest how the British Co-operators should act in this respect. The solution at which the British Co-operative Movement has arrived, is, I suppose, the best way in which to protect the consumers' interests in Great Britain having regard to the conditions prevailing, and I repeat that I am not familiar with the practical experiences of the party political work carried on by the British Movement. My only intention has been to show the reasoning which has led the Swedish Movement to avoid party political engagements, as well as the starting of a special Co-operative Party.

How Co-operation can influence Economic Policy

So far I have dealt exclusively with the so-to-say negative aspect of political neutrality. As already mentioned, the Swedish Movement, like many others, is of the opinion that the best way to protect the consumers' interests is to avoid party political engagements. It is then natural to ask by what methods the co-operative movement can influence especially the economic policy in the modern State in such a manner that the movement is not deprived of its right to develop freely and extend its activities to new fields. This is, so-to-say, the positive aspect of the neutrality problem, and in dealing with this question I confine myself to the experiences which the Swedish Co-operative Movement has gained during several decades. In order to show by which methods the co-operative movement has a possibility of influencing State decisions in the economic policy it is necessary to sketch very briefly how big economic problems are generally dealt with in our country.

According to Swedish experience it may be mentioned that there are four principal stages in which important economic questions can be influenced by the co-operative movement:

The Inquiry Stage:—In Sweden, as in several other countries, great economic questions in the field of State regulation are first of all

put to a thorough examination through inquiry committees. Such committees are, as a general rule, appointed by the Cabinet. As members apart from some members of the Parliament, are chosen persons who represent different kinds of technical knowledge concerning the problem to be investigated. The Cabinet, irrespective of its party political composition, has tended more and more to appoint persons representing different popular movements and economic interest organisations as members of such committees. The co-operative movement has, for example been represented on most of the important committees concerning different aspects of the economic policy of the State and post-war planning on the whole.

The Transmission Stage :—When a committee has concluded its work and placed before the Government proposals for State measures, its report, very often including much documentation, is sent to all the big popular movements and economic organisations in the country, the official bodies of different kinds, and so on. The purpose of this procedure is to get the most complete knowledge possible about the attitudes of the interests concerned to the proposals of the committee. The views, expressed by all groups of experts concerned, are then taken into consideration. The views expressed, as well as the committee's report, are public documents just as all civil State documents. The people as a whole can make themselves acquainted with them through the press and in other ways. Press discussion, which is totally free and unrestricted, often follows on the points of view expressed during the so-called transmission stage.

The Parliamentary Stage :—According to the extent to which the proposals of the committee have been accepted by the interests concerned, the Cabinet prepares a bill for Parliament. The draft bill or other proposals to be passed by Parliament are discussed within the separate Committees of Parliament, and it rather often happens that these committees ask for complementary points of view from the popular movements and other interested groups, especially if the problem is intricate.

The Executive Stage :—When the bill has been accepted by Parliament there may in some cases be a fourth stage, in which the popular movements and other groups concerned may have the possibility of influencing the execution of the measures. If the handling of the new legislation or State regulation requires a special State body, it frequently happens that that body will be constituted so as to represent different groups of interests. The co-operative movement in Sweden is represented on several such bodies.

These principal methods to influence State economic policy and State measures, which are more and more practised in Sweden, have been mentioned to show some of the ways of looking after the interests of the co-operative movement and its members.

It may be added that the actual influence which the movement can have upon different economic State measures naturally depends to a high degree upon the quality of the arguments put forward by the movement. As a general rule a great deal of documentation is given in the reports of the Swedish Movement to the State Authorities to support the views expressed, and experience has shown that this painstaking work has in many cases given good results. It has been possible to alter several parliamentary bills and proposed legislation of great importance to the co-operative movement, thus giving a better protection to the general consumers' interests. It may be mentioned that the co-operative union and wholesale society regularly publishes the views it has expressed in the transmission stage of a bill, and that every member of the Swedish Parliament receives a copy of K.F.'s views on all important questions. These printed documents are furthermore placed at the disposal of the daily papers and so on.

In order not to prolong my lecture I shall avoid giving examples of how the co-operative movement has been able to influence the decision taken by the State Authorities on different actual problems.

A second way by which to influence general economic policy is that the co-operative movement should keep contact with co-operators belonging to different political parties who are members of Parliament. Through such more informal contacts it is possible to get the special co-operative points of view recognised and discussed.

A third way of importance is organisation by the co-operative union and wholesale society of special courses for different groups of influential persons to acquaint them with our points of view in general and with special problems. As such may be mentioned the courses at the co-operative college for journalists on the staff of the daily papers of different political colours; courses for leaders of both political and non-political youth organisations, and so on.

A fourth method is by giving publicity to resolutions passed at important co-operative meetings, for example, the annual co-operative congresses, co-operative district meetings, and meetings of the district boards.

As a fifth group of methods of influencing the general economic policy may be mentioned the Co-operative Press, the Co-operative Publishing House and the Co-operative Study Circle activity. As the co-operative weekly paper 'vi' (Ourselves) has the biggest circulation of all periodicals in Sweden, its editorials and articles on general economic policy, etc., have an important influence on public opinion.

In summing up it may be said that the Swedish experience shows that it has been possible without creating a Co-operative Party and without

affiliation to any political party to influence indirectly the general economic policy in an important way. The Swedish experience shows that the very fact that the co-operative movement has preserved its independence has strengthened its possibilities of gaining the respect of the different political groups for co-operative opinion on economic problems which is essential for the movement. For instance, the history of co-operative taxation from the early thirties up to now is an example; several others could be mentioned.

I have only discussed so far the problem of political neutrality from the consumers' co-operative point of view in our country. As regards the farmers' co-operative movement in Sweden the attitude towards political engagements is in principle the same. There have been some discussions about collaboration between farmers' co-operation and the farmers' political party but the farmers' Co-operative movement has through its leaders expressly adhered to the neutrality principle. Among the members of the farmers' movement in Sweden the majority without a doubt, belongs to the farmers' own political party, but there are also large minorities which belong to the Liberal Party and the Conservative Party, while a not unimportant group of small landholders, who are members of the farmers' movement, are social democrats. If the farmers' co-operative movement in our country should join the farmers' political party that would undoubtedly mean a split of the movement just as would be the case if the consumers' co-operative movement should join, for instance, the social democratic party. What has been said about the methods by which consumers' Co-operation can influence the general economic policy applies equally to the farmers' co-operative movement.

With the special structure of Swedish society and the important role which the big popular movements play in the economic life of our country the solution we have arrived at seems to be quite adequate. This means, as far as the co-operative movements of different types are concerned, that we have been able to accept in practice all the Rochdale Principles. We consider these Principles to be a very sound basis for building up a successful co-operative movement even in a modern State where the governmental decisions on the economic life play a far more important role than was the case a century ago.

CO-OPERATIVE EDUCATION IN BOMBAY PROVINCE

By

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The Co-operative Institute was established in July 1918 but it would interest the readers to learn that co-operative education and propaganda in Bombay Province preceded the establishment of the Institute by a good few years. The educational work for which the Institute has made itself responsible had its origin, even prior to the formation of the Institute, in the training classes for secretaries which the Servants of India Society organised and conducted successfully for a number of years in Bombay with the help of a few prominent co operators in the city and with the active support of the Co-operative Department. With the starting of the Institute, charged with the duty of imparting education to members of co-operative societies and to workers in the co-operative movement, the need for a separate machinery for this work existed no longer. Thereafter, in addition to the classes in Bombay, training classes came to be organised in the districts more or less on the same lines. A little later training classes were arranged for supervisors, employees of urban banks inspectors of central banks and managers of banks.

One of the features in the constitution of the Institute as amended in 1926 was the creation of the Central Education Board, which was entrusted with the specific function of prescribing courses of instruction for training classes, conducting examinations and awarding certificates and diplomas. To meet the growing demand for training, the Institute opened three co-operative schools for the three linguistic sub-provinces of Maharashtra Gujarat and Karnatak at Poona, Surat and Dharwar. Wherever possible the schools were placed in the charge of prominent co-operators as honorary principals who recruited the staff locally, and also requisitioned when necessary the honorary services of local co-operators, official and non-official. The expenses were met partly from income by way of fees and partly from grants by the Institute. This interesting development in the field of education came, however, to an end in 1936, when the Institute found that the demand for training was on the decline after the effects of the economic depression came to exercise adverse influence, particularly on rural Co-operation. The total number of students who underwent training in the schools was a little over 400. Another reason which may be assigned for the set-back to the educational activities of the Institute was the unfortunate decision of the Government of Bombay, in concert with all other provincial governments, to utilise the special subvention for co-operative education received from the Government of India on educational courses of various types to be conducted by the co-operative department itself independently of the Institute.

In 1939 a major decision on policy was taken by Government vis-a-vis the Institute, viz., abolishing the branches of the Institute in the districts. As the Institute had all along functioned in the province only through branches, this decision meant putting the Institute in cold storage. The constitution of the Institute was revised in 1942 and local agencies for the work in the districts were provided in the form of District Boards of Supervising Unions which have now been remodelled as District Co-operative Boards. After the adoption of the revised constitution in 1942 the Institute made heroic efforts to set its house in order and to pick up the threads of co-operative education where it had left them. Owing, however, to the war and its after-math and the general unsettled political situation of the country not much progress could be made during the four years 1942-'46. It might be mentioned that the Institute revived, in 1944, the three regional schools mentioned above, but they had again to be closed the next year. In 1945-'46 the Institute conducted evening training classes in English at Bombay and Poona, which may be regarded as the precursors of the Co-operative Training College which was established later in June 1947.

The coming into office of popular ministries on 1st April 1946 meant a great thing for the country, politically. So far as Bombay Province was concerned it was an event of first-rate importance that Sri Vaikunth Lal Mehta, a recognised authority on Co-operation, not only in this province but throughout the country, was appointed Minister for Finance, Co-operation and Village Industries. Constitutional purists might cavil at an expert being in charge of a particular portfolio as Minister, but in practice Mr. Mehta's presence in the Cabinet has given a great fillip to the co-operative movement in Bombay. Immediately after taking charge, he appointed a Committee to "examine the existing arrangements for co-operative education and for the training of the staff of the Co-operative Department and the various types of co-operative institutions and to recommend to Government on what lines and through which agencies this should be developed to meet the growing needs of the co-operative movement." The Committee was presided over by Sir Janardan Madan, who has been Chairman of the Institute since 1942. The Committee drew up a detailed plan of co-operative education and the recommendations of the Committee were accepted by Government *mutatis mutandis*.

The main recommendations of the Madan Committee which are being implemented by the Institute since June 1947 may be summarised as under :—

(1) Arrangements for separate training by the Bombay Provincial Co-operative Institute and the Co-operative Department should be replaced by a scheme planned as a whole and functioning under the ægis of the Bombay Provincial Co-operative Institute,

(2) Arrangements for co-operative education and training should be grouped into three categories, (a) district, (b) regional (c) provincial.

(a) Within each district, classes should be organised for training secretaries of agricultural credit societies and similar small organisations and for imparting co-operative education to the committee members of such societies and organisations. This should be done through the appointment of whole time permanent and well qualified education supervisors in all districts.

(b) Regional schools should be set up in the three linguistic divisions of the province, viz., at Poona, Surat and Dharwar. At these schools thorough training should be given to the lower staff of the Co-operative Department and co-operative institutions, in particular to Supervisors, Bank Inspectors, Assistant Co-operative Officers and Secretaries of big multi-purpose societies and small taluka purchase and sale unions.

(c) A Co-operative Training College should be established at Poona which should arrange for training of higher departmental staff and persons holding key positions in co-operative institutions.

Under (a), (b) and (c) above there should be arrangements for holding special classes for the personnel of special types of societies and for holding refresher classes.

(3) Apart from the intensive training of the paid wholetime personnel it is necessary to make arrangements for a diffusion of co-operative knowledge among co-operators and the general public through (a) introduction of suitable lessons on Co-operation in textbooks for schools, (b) periodic talks on Co-operation and allied subjects through the rural broadcasting section of the Bombay station of the A.I.R. (c) arrangements for extension lectures on Co-operation and allied subjects in schools and colleges, and by other means.

The establishment of a Co-operative Training College in Poona is a novel feature in the history of co-operative education not only in this province but perhaps in the whole country. The ambitious scheme of co-operative education started by the Institute since June 1947 raises certain problems and on their satisfactory solution depends the future of co-operative education in the province. More, if the Bombay scheme succeeds, other provinces, at any rate the major ones, would like to undertake similar schemes. It would not be wise to ignore the lessons of the past. The co-operative schools which were started by the Institute in the thirties failed for lack of sufficient response from the co-operative institutions and the general public. That tragedy must not recur and co-operative workers in the province should be on guard to see that the stream of new entrants to the schools and colleges does not dry up. There is no need, however, for under pessimism. On the contrary, times were never more propitious for

an educational drive than at present. The rapid expansion of the co-operative movement and the general recognition of the need of training in all spheres of human activity are factors which ensure the success of the Bombay scheme. Old-world ideas about people being able to do their job just by being at it have been discarded practically in every sphere of human activity. There are to-day training classes and schools for such diverse occupations as teachers, artists, social workers, labour officers etc. Much more, therefore the need for education and training to co-operators who are acclaimed on all hands as architects of a new order.

Granting the necessity of co-operative education and the existence of a well thought-out scheme, what remains to ensure success is the readiness of co-operative institutions to make the necessary sacrifices ; in other words, to foot the bill. The Government of Bombay are giving generous grants for the educational activities of the Institute and from the said grants the expenses of the College the regional schools and the salaries of the Co-operative Training Inspectors in each district are met. The expense which co-operative institutions which take advantage of these educational facilities have to incur is mainly that on the tuition fees, the out-of-pocket expenses and the stipends equal to the salaries of the trainees whom they depute to the College, the schools and the training classes. If the co-operative institutions grudge to bear this expense and hesitate to send their employees for training the whole scheme will collapse like a house of cards. It can never be too much impressed on the authorities of co-operative institutions that money which is spent on the education of their staff is the best possible investment yielding high dividends in their efficiency. The movement has expanded and is expanding sufficiently and if co-operative institutions play their part, there need be no dearth of candidates for the College, the schools and the training classes. At the College, training is spread over a period of twelve months, nine months being devoted to lectures and three months to practical training. At the schools, the academic term is of four months while two months are spent on practical training. The secretaries' training classes are generally of four to six weeks' duration. These periods cannot be considered too long and co-operative institutions of various grades should be able to send their employees for training and meet the necessary expenses. As co-operative societies are autonomous bodies and the education of the employees is in their own interest, it is a matter in which Government cannot press anything. It is the co-operative institutions which must come forth to pay for the education of their employees, especially as the need of such education is readily recognized, and thus ensure the success of the great experiment we are making in Bombay.

CO-OPERATIVE EDUCATION IN BIHAR

By

RAI SAHIB A. B. N. SINHA.

If general and technical education are a function of the State, co-operative training should be so all the more. It is wrong to suppose that Co-operation is a mere Department of Government. It is in that way not even an organisation or an institution ; in its higher sense it is but a manner of thought and action that lifts the poor and helpless individual to the plane where he can achieve all that wealth and power can give. Co-operation opens the portals of power and is verily the 'open sesame' of all agricultural and industrial improvements. The true test of the assimilation of the essence of co-operative movement is that the people should take the management of their own affairs in their own hands. That requires intensive co-operative training from very early years right up to the post graduate classes.

In the present age of wars all around—wars between one country and another, one race and another, one group and another, between labour and capital, employer and employee, landlord and raiyat, house owner and tenant—where strikes are the fashion of the hour, peace can come only through the co-operative way. This co-operative way has to be taught and fully fostered all around if success is to be attained.

Bihar, one of the earliest of the Indian provinces to appreciate the usefulness of co-operative training started its first co-operative training institute in 1924 under the development officer, Mr. Ali Hasan, who besides was responsible for the propaganda work of the movement. This Institute developed into a full fledged college, styled as Durga Prasad Training College, with a wholtime Principal in the person of Mr. B. B. Mukherji of the Bihar Educational Service and three lecturers in the grade of Rs. 200—10—Rs. 300 besides a number of distinguished non-officials as honorary readers in particular subjects. The course was for one year, with six weeks field training and six weeks apprenticeship in a central bank. There was a hostel, where all students messed together and were given practical training in co-operative life, co-operative farming, co-operative marketing and the running of a co-operative kitchen. It is significant that out of a total budget of over forty thousand, Bihar Government did not contribute more than Rs. 2,500 and the balance was met entirely by contributions from central banks and societies. Besides the College, there was a training institute at Cuttack with two lecturers. At about this time the Bihar Co-operative Federation spent another sixty thousand over propaganda, mainly from contributions from co-operative institutions.

The announcement made by the Government of India in 1936-37 to set apart a portion of its funds for training of co-operative workers in each

province was the signal for the closing down of the Training College in Bihar. The training levy imposed by the Congress of Central Banks and Societies on themselves was penalised and thus a very useful institution in Bihar was closed. On its ashes, however, grew an apology for an Institute, which now exists as an itinerent body moving from place to place evoking little respect and creating less tradition.

The Government Co-operative Training Institute—the only one in this province—trains the staff of co-operative societies as also non-official workers including staff and workers of cane growers' societies. With the operation of the Rehabilitation Scheme, greater attention is being paid to the training of the staff of the reconstructed societies. The course usually lasts for three months. Short refresher courses are provided for old employees. The cost is met entirely by Government and the expenditure in 1947-48 was Rs 31,812. It has one Principal and two lecturers. Three more lecturers are to be appointed now.

The Co-operative Planning Committee fully discussed this question and came to the conclusion that there should be a Co-operative College in every province with a well qualified and adequate staff consisting of a Principal and at least three professors. The course of training should include field work for six weeks. A definite recognition should be given to the examination conducted by the College and no recruitment should be made to the co-operative service so long as the recruits do not get a certificate from the College. From the school stage books on Co-operation should be taught. In colleges, Co-operation should be a compulsory subject all through, both in arts and science colleges.

So far as the Government of Bihar is concerned, there is no doubt that it is "determined"—in the words of the Hon'ble Premier—"to revive the movement not only keep it alive but also to make it beautiful so that the life of the villager may be fuller and richer in every way". There is no doubt the movement has been rehabilitated and is alive to day. But there seems to be no programme yet to apply it to the life of the villager. The report of the Co-operative Planning Committee is there, in which the best brain in the movement including the representatives of the Government of India and the Reserve Bank of India took part. The recommendations of the Committee were adopted at the Madras Conference of Co-operators, held under the presidentship of the Hon'ble Dr. Rajendra Prasad. But I am not sure if this Report has yet been officially considered by the Bihar Government. Nothing, however, seems to have been done to implement the recommendations. Nor is there any other proposal to give effect to the determination of the Hon'ble the Premier to make the life of the villager fuller and richer through the co-operatives.

To my mind, co-operative method should be employed in agriculture, to bring more land under cultivation, to procure better seeds and manure

and to improve irrigation all with a view to increase production. The village industries can best be developed through co-operative societies. Purchase and sale societies would eliminate the middle man and give to the village people more value for the money. Education can be made cheaper and more efficient through co-operatives. Public Health can be better looked after through co-operatives. Innumerable are the advantages of applying Co-operation fully to the life of the villager. A scheme is already before Government, and all that is necessary is to have a small sub-committee to suggest ways for its implementation to the conditions of Bihar. That should not take a long time and it is to be hoped that by the beginning of the next financial year, a serious start will have been given to this. But paramount above all is co-operative education and propaganda which will make the success of the determination of the Bihar Government a certainty in the near future.

As has been said above, Co-operation is a method of thought and action. From the very beginning, students should be taught how to cultivate school plots on co-operative lines, how to make co-operative purchase of their requirements and how to produce industrial goods, such as cloth, toys, etc., on co-operative lines. In colleges too, students living in hostels should be encouraged to select co-operative method as the only one to satisfy their requirements. A report should be periodically asked for from every Head-Master and Principal regarding the development of co-operative mentality in their institutions. If the future is to be saved from Capitalism on the one hand and Communism on the other, Co-operation provides the only permanent cure. Co-operative training and propaganda have, therefore, a value all their own in the future constitution of the world States.

CO-OPERATIVE EDUCATION IN ORISSA

By

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Co-operation is no longer in an experimental stage. It has been well tried and proved as the best medium for all sorts of business enterprises having a very wide scope. The present age is the most suitable time for co-operative enterprises as their activities are managed and controlled by democratic principles, which also govern the political affairs of most of the civilised and advanced nations. But unless the people at large properly know the principles of Co-operation and their proper application it may not be possible to have the desired effect and to achieve the success to the extent expected of the co-operative movement. Here comes the question of co-operative education.

As we read from the co-operative literature published by European and American countries, we find that the co-operative organisations in those countries are taking elaborate measures to impart co-operative education both in theory and practice not only to the co-operative employees and candidates seeking service in co-operative organisations but also to the common people, who constitute the basis of the structure of Co-operation. Generally, the co-operative unions, leagues or federations or wholesale co-operative societies take up the responsibility of spreading co-operative education among the members or prospective members of their constituent co-operative organisations. In those countries co-operative education is imparted in various ways, such as by opening co-operative schools and colleges providing for both short and long term courses for candidates seeking service in co-operative organisations. They also organise study circles, buying clubs and lecture tours for imparting co-operative education to the common mass. Besides these methods they also publish a number of co-operative journals, periodicals, pamphlets, books and other literature broadcasting the co-operative ideal among the people at large. But so far as our country is concerned, unfortunately our co-operative organisations are not strong enough to undertake all these responsibilities. Of course, some co-operative unions and federations in our country also publish some co-operative journals; but that is not enough to educate the mass to the desired extent. Co-operation in our country is still a spoon-fed baby nursed by the Government. So naturally the responsibility of co-operative education rests on the Government.

In this province, Orissa, so long the responsibility of imparting co-operative education remained exclusively with the Government until recently, when a Co-operative Union has been organised in the month of

July 1948. Now the Government undertake the responsibility of training the departmental candidates in Co-operation and allied subjects such as accountancy, banking and book-keeping for efficient discharge of their official duties in the matter of audit, inspection and administration. Since 1939 the scheme for co-operative training and education was being financed out of some grant sanctioned by the Government of India. This system continued till 1946, when the Provincial Government formulated a Post-War Development Scheme, providing adequate finance for co-operative training and education. Thus since March 1947 the scheme is being financed entirely out of the provincial revenue under post-war schemes. During the year 1947-48 only one class for training of junior co-operative inspectors was held for a term of 9 months, from September 1947 to May 1948, with 42 candidates, out of whom only 50 per cent came out successful. After that, another batch of 37 junior inspectors was put to training. Besides this co-operative institute, which provides courses of training to departmental candidates, the Government appointed some inspectors to conduct a travelling course for educating the *punches* and office-bearers of the rural co-operative societies. But this scheme could not meet with much success.

The Orissa Co-operative Union, since its organisation in July 1948, has taken up the publication of two quarterly co-operative journals one in Oriya, the Provincial language, with the name "The Kalyani" (bestower of benefits) and the other in English with the name "The Orissa Co-operative Journal." This Union is organised with two classes of members, co-operative societies and individuals interested in Co-operation. The annual subscription of each of these quarterlies has been kept as low as Rs. 4 per annum. But to members it is supplied at a concessional rate of Rs. 3 each. The Union also proposes to conduct lecture tours through non-official co-operators by providing them with actual touring expenses and to publish co-operative literature. The Provincial Government encouraged the Union with some substantial grant as subsidy to meet the cost of its establishment and other expenses. The Union has also various ways and means under contemplation to broadcast co-operative education among the general mass.

To give the youth a chance of having practical experience in co-operative movement, the Director of Public Instruction has issued a circular to all the educational institutions of the province to organise students' co-operative stores. Such co-operative stores have been organised in large numbers in almost all the high schools and colleges in the province, thus providing a field for practical education on Co-operation to students.

The Government have also approved a scheme for running a summer school on Co-operation* during the ensuing summer season with the object

*A short note on the Summer School is printed on p. 327 in this issue.

of giving necessary training to the people interested in Co operation, who want to organise various kinds of societies in their locality. It is proposed to train at least 100 persons every year. It has been provided in the scheme to give stipend to those who will join the Summer School on Co-operation, which will run for about a month and to give honoraria and travelling allowances to the lecturers, both officials and non-officials, who will be invited to address the trainees. It is expected that the summer school will go a great way in spreading co-operative education among the mass through these non-official trained persons.

Besides all these arrangements for propagating co-operative education, the co-operative officials during the course of their tour also give lectures on Co-operation. Conferences and exhibitions are arranged at times to impart indirect education on Co-operation to the mass.

It must be admitted that what has been done so far in this direction, is just a beginning and it requires much more expansion to have tangible results, as there can be no two opinions that the success of the co-operative movement depends on an effective spread of co-operative education. As economic equity and stability of the future democracy depend on the successful adoption of the principle of Co-operation in all business enterprises, it is desirable that there should be a regular course on Co-operation included in the syllabus of schools and colleges, as rightly remarked by an eminent Co-operator of America Mr. Joy Elmer Morgan, Editor of the *Journal of the National Education Association* : "Co operation is the way in which democracy can best fulfil its ultimate destiny. When studied and practised in the school, the co-operative movement gives young people a new life and a sense of responsibility for their own destinies. The co-operative movement is the most powerful form of education for both children and adults. People learn by doing ; they develop faith in themselves and in each other".

Let us therefore hope that apart from what the Co-operative Department or the co-operative institutions do for the spread of co-operative education, let the Education Department also take up the question in right earnest and provide Co-operation as a principal subject in the curricula of studies in all educational institutions, beginning from primary school up to specialised courses in colleges. Then and then only, the future generation will be able to get the real benefit of Co-operation.

CO-OPERATIVE EDUCATION IN THE UNITED PROVINCES

By

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It is a truism that the co-operative movement has not had a successful career in the U.P. Still we cannot do without it on account of its proved efficiency to solve many of our problems. We should, however, know the reason why we have not been able to take full advantage of such a beneficial movement. To our mind, it is largely due to our neglect of proper co-operative education. The lack of adequate and right type of education leads to dearth of persons thoroughly conversant with the principles and practice of Co-operation ; and in the absence of experts, who may guide and develop the movement, success is bound to be held up. This is more so when the co-operators have to work among illiterate and conservative people.

The aim of co-operative education should be three-fold : Firstly, it should prepare the back ground for the development of Co-operation by imparting instructions in fundamental principles and objects of Co-operation to the younger generation. In other words, it should prepare the youths who may later on actively participate in the co-operative movement with interest and sincere devotion and imbibe the true spirit of Co-operation. Secondly, co-operative education should afford ample opportunity for practical training into the working of various types of co-operative societies for those who are entrusted with the task of running them. Thirdly, co-operative education should establish contact between all concerned, make an appraisal of the whole co-operative movement and provide scope for expression and exchange of views in the form of fair, frank and constructive criticism of the movement.

The first object of co-operative education can be achieved through a regular course of study at different stages of general education. A short course dealing with the meaning, need, importance, growth and basic principles of Co-operation may be introduced at the secondary stage. The existing syllabus of secondary education is under revision and so this important change can be easily introduced. The advanced study of Co-operation is already included in the syllabus prescribed by different universities of the province for students preparing for their examinations. In this connection, I am of the opinion that we can familiarise even our children at the primary stage with Co-operation through short lessons and stories relating to the benefits of Co-operation and lifesketches of well-known co-operators. But that is not all. We may establish separate co-operative centres or research institutes for conducting a graded course of study for three to five years. Degrees in Co-operation should be granted due recognition in the appointment of co-operative staff. There are at present no

such institutes in the province. The establishment of at least one centre is highly desirable. This may be the nucleus for starting an institute to conduct research into advanced problems of Co-operation at a later stage, when more centres will have been opened in the province and sufficient advance made by the movement.

Theoretical education alone cannot serve our purpose ; it should be supplemented by practical training, which we consider almost essential for all those who have to conduct the movement. At present there is reported to be only one training centre in the whole province and probably provision is made for the training of only Inspectors, Auditors and Supervisors. This I consider to be quite inadequate. I think we have to be very careful in matters of appointment of all superior and inferior officers on whose shoulders falls the burden of the co-operative organisation. They must possess the requisite qualifications of a true co-operator—in theory as well as practice—so that they may not waste time in picking up the work of co-operative societies. In fact, Co-operation is a technical subject, which needs thorough understanding of its fundamental principles and working. Therefore, it would be wrong to suppose that any civilian or administrator can do justice when asked to guide this movement. There should be a regular course of training for all persons including secretaries, punches and members of the co-operative societies. The object of such training should be :

(a) to give practical knowledge of the subject to the new entrants—and

(b) to revive the theoretical knowledge of the subject in case of older staff a sort of refresher course.

This should form a permanent feature of our educational programme in Co-operation.

The third aspect of co-operative education is also very important. It implies field propaganda and publicity to mobilize public opinion. This object can be achieved by various methods such as :

- (i) Meetings and Conferences of those interested in the movement ;
- (ii) Lectures and Debates for discussing different aspects and to inform the public on the activities of the movement ;
- (iii) more appealing methods of instruction through cinema, drama, songs, exhibitions, fairs and shows ;
- (iv) display of teachings of Co-operation by means of pictorial journals, posters, charts and diagrams ;
- (v) publication of annual or quarterly reports, books, periodicals, symposiums, booklets and pamphlets.

At present, there is only casual issue of literature dealing with the activities of the co-operative movement, and other methods of field

campaign are liberally employed by the publicity section of the Co-operative Department. Besides, there are two regular publications *viz.* the Annual Report and the Quarterly U. P. Co-operative Journal. The former gives a summary of the annual achievements closely related to its past and is supported by factual data. The Journal is issued by the Co-operative Union and is edited by an official of the Department. It includes notes, orders and circulars of the Department and a few articles. It appears there is very little scope for contributors from outside the Department. This is clear from the fact that the July, and October 1948 issues of the Journal could give a space of only about 20 out of 215 pages for non-official contributions. There is great need for independent journals to pool together the right views of all persons for making a joint and concerted effort to focus the attention of the public at large that Co-operation alone can solve their manifold problems, social and economic and at the same time provide a corrective and constructive medium for the right direction of the co-operative movement.

Finally, we may add that such diffusion of knowledge should be regular and permanent, both in rural and urban areas, on a planned basis. The difficulties of publicity through the press can be rightly anticipated in the face of mass illiteracy; and, therefore, the platform and visual campaign may precede it, till we have improved our educational standard. We should not decry the potentialities of co-operative education, if there is a paucity of funds. We may remember—it is an investment—it will more than compensate for the expenditure by helping us in building up a strong Co-operative Commonwealth of good citizens, which will be our Nation's pride.

I. L. O. COMMITTEE ON CO-OPERATION

Dewan Bahadur Professor H. L. Kaji, President, All India Co-operative Associations, has been appointed Member of the Committee on Co-operation of the International Labour Office, Geneva for a period of three years. The first Meeting of the Committee is likely to be held in June 1949.

CO-OPERATIVE EDUCATION FOR FIELD DEVELOPMENT WORKERS IN UNITED PROVINCES

By

N. S. MANI, M A.

An independent new India marching forward in long strides must have a new educational policy. This is equally applicable to co-operative education and training in the country.

The distinct feature of co-operative education is not only improvement in technical efficiency, but the cultivation of a new outlook on life. In the case of education for engineers, for instance, the emphasis is on improved technical efficiency, because by itself the science of engineering has no distinct social philosophy of its own. But in the case of co-operative education, its social philosophy is of supreme importance and this aspect of co-operative education is very well pointed out by that doyen of Indian Co-operation, the late Mr. Ramadas Pantulu: "It is true that we have been improving our books and forms and training our employees to keep them correctly and handle them efficiently. Is this all co-operative education? It may be education to enable employees of co-operative societies to discharge their routine duties of collection, distribution, book-keeping, remittance, inspection and audit like the employees of any other business concern. Will this education help to produce co-operators, whose daily activities are pervaded by that idealism and idealogy associated with Co-operation, and behind whose work there is not merely the stimulus of the coin but of that exalted sense of duty which ought to animate and inspire a genuine co-operator?"

It is refreshing to note that the report of the committee appointed for organising Regional Centres for Field Development Workers, is based upon the need for consciously cultivating a co-operative outlook, besides improved technical training, for the field workers in U.P. The committee has emphatically stated: "the most important feature of the training will of course be the creation of the necessary mental outlook for such work and methods of approach in tackling the village problems."

"The committee is of opinion that the change in the outlook of the Field Development Workers is of primary importance, for it is the lack of right approach to the village problems, as also a want of inclination and spirit to look upon things in their right perspective that had spelled failure in the past. Unless our workers change their way of living in such a manner as to fit in the existing society, unless they cultivate the habit of regarding themselves as one of the villagers and unless they learn to respect their customs, traditions and ways of life, they cannot hope to become real village workers. Hence the main purpose of the training should be the change in the outlook on which all other essentials would depend. But such a change presupposes a change of environment, a

change in the way of living and a change in the feeling and being, which in its turn depends so largely on the right selection of teachers and the selection of institutions where such training can be imparted."

A serious defect of the increasing urbanisation and industrialisation of our nation has been the denudation of the villages of leadership. Men with initiative and organising capacity have been lured away by better prospects and greater amenities in the cities and industrial centres. This absence in rural leadership is the main cause for the present woeful condition of our village economy and social conditions. Even a very well trained army collapses in the absence of leadership. Success in rural welfare lies more in training men for rural leadership than in improving their technical and administrative efficiency. "If the sea has lost its salt, where-with can it be salted?"

A striking feature of the report is the emphasis given to environment. "In the absence of proper atmosphere and environment, good schemes do not yield the expected results. Wrong environment is positively harmful. Excellent schemes of co-operative education and training have got dried up in the desert sands of wrong environment of cities and towns. India still lives in villages and Co-operation is to be the mighty instrument of rural welfare."

Rightly the Sevapuri Ashram, Benares, Mahoba Nandan Ashram, Gorakhpur, Sew Kunj, Ganga Ghat, Unnao, Asafpuri, Badaun, Ghatera, Saharanpur, Dohri Ghat, Azamgarh are chosen as the training centres.

The curriculum and the syllabus appended to the report are comprehensive and may be said to be even a bit ambitious; for the term of training is just a period of two months for the existing supervisors and a period of 3 months for the secretaries of the block unions. A period of two years proposed for the intensive training of the selected secretaries with a view to secure all round field development to workers is quite adequate.

Planning must not fall too short of performance for it will damp further planning. It must be confessed that it is an oriental weakness to start with ambitious schemes and end in peurile results. The villager is essentially a pragmatist: for him facts alone count for he deals with the hard realities of nature. He can be convinced only by results and never by abstract philosophies, especially in a sphere where results alone matter. The well trained leader of villages must conclusively demonstrate to him that he can grow two blades of grass where only one grew before and that he can increase the milk yield of the cow and the butter contents of the milk.

It is with this hope that the training scheme of the committee is welcomed.

CO-OPERATIVE EDUCATION IN WEST BENGAL

BY

PROF. SANAT KUMAR CHATTERJEE

The aim of all education in general and co-operative education in particular is to produce the 'real' man, sturdy, bold, firm, self-reliant and independent with the broadest sympathy for his brethren and the holy motto 'Each for all and all for each' always in the forefront of his mind.

Such education—such building up of national character can only be efficiently done by an independent non-official agency of co-operators freely elected from the mass of workers on a definite basis. If that be done each one of us will realise that he is an integral part of the big machinery destined to raise the mental and moral character of his nation. A free untrammelled election is likely to turn out the lust and most efficient agency suitable to national ideals and national requirements. This agency, so elected, should have sufficient financial help from the State (these educational institutions are not business concerns and cannot be self-supporting).

Unfortunately in our West Bengal, we have no non-official agency. The time old institution, with a long tradition behind it *viz.*, the Bengal Co-operative Organisation Society, Limited, which subsequently developed into the Bengal Co-operative Alliance, Limited, has been stifled. The two journals *viz.*, the *Bengal Co-operative Journal* (in English) and the *Bhandar* in (Bengali) have been discontinued. These papers ventilated the opinion of non-officials and had ventured to criticise the various official acts. It was closed at the instance of the Registrar. Its only big creditor the then Bengal Provincial Co-operative Bank, Limited, through its chairman Mr. W. C. Wordsworth, C.I.E., M.L.A., preferred an appeal to the Provincial Government against the order of the Registrar for winding up the Bengal Co-operative Alliance, Limited, but the Government refused to interfere.

The fine press of the Bengal Co-operative Alliance with its stocks, I understand, has been sold recently without any public advertisement at the instance of the present West Bengal Provincial Co-operative Bank to the newly registered West Bengal Co-operative Press, Limited, with a body of nominated directors most of whom are directors of the present Provincial Co-operative Bank or connected therewith and thus the final seal was put to the closure of the only non-official agency who could reasonably aspire that the subject of co-operative education and training should be entrusted to them. It was their aim to get this control for years but it could not materialise as stated above.

We have in West Bengal no non-official platform of co-operative workers—no non-official training ground and the only training institute we have got is under Government ægis which as I shall point out is naturally confined to a limited few with a narrow outlook moving within a fixed

groove, but unfortunately due to lack of popular co-operation, the primary object, which I have formulated above, is lost sight of and can never be attained until the system be totally overhauled.

The Bengal Co-operative Training Institute was started in the year 1937 on the recommendation of Sir Malcolm Darling. The cost for the first five years was borne by the Government of India on the condition that the Government of Bengal would arrange for meeting the cost of its permanent retention after that period. The Institute was under an officer in charge with eight Instructors under him. The function of the Institute was mainly to train the officers of the Department and also the new entrants and the paid Secretaries, Managers and the Supervisors of the central banks and other important societies and thereafter to hold Refresher Courses once every year for the officers of the Department already trained.

Along with the Central Institute five peripatetic units, each consisting of one Government Inspector and one Government Auditor were also maintained for the then five administrative divisions whose duties were to hold conferences, attend exhibitions and propagate co-operative principles and ideas amongst the members of the village societies and to hold Refresher Courses for the Supervisors of the central banks.

The training Institute was originally housed at Dum Dum, about 4 miles from Central Calcutta. It was shifted temporarily to Naogaon in the District of Rajshahi during the period from 1942 to 1946 as a war emergency measure. It is at present located in Konnagar, about 9 miles from Calcutta in the spacious premises of the Royal Air Force Camp.

The peripatetic units have been reduced to two after the partition of Bengal. One such unit comprising one Inspector and one Auditor is working in the Burdwan Division, while the other is meant for Presidency and other Districts of West Bengal. The entire Institute is in the charge of a Senior Inspector of Co-operative Societies.

It is reported that up till now almost all the departmental officers have received their training with the exception of about 15 Industrial Supervisors, 7 Weaving Experts, 5 Irrigation Supervisors and 5 Assistant Auditors. About 100 to 120 Supervisors of the central co-operative banks are reported to have got trained.

The present arrangement of training in the Institute is to hold one session of Supervisors for a period of 4½ months side by side with a Refresher Course for a period of 8 weeks each of the already trained departmental officers and this continues all the year around.

There are 8 papers on eight theoretical subjects, each carrying 100 marks :

1. Co-operation—I (Co-operative theory and principles).
2. Co-operation—II (Co-operation—Practice and Procedure).
3. Auditing ;
4. Accounts ;
5. Economics ;
6. Banking ;
7. Co-operative Act and Rules ; and
8. General Law and also a practical course.

A few years back a Committee was formed for revision of the syllabus which included Professor Sadique, Mr. G. Basu, Incorporated Accountant and the present writer. We added the practical course to the syllabus. The practical portion consists of :

1. Valuation Records—100 marks.
2. Oral examination on the same and viva voce—50 marks.
3. Oral test on general knowledge—50 marks.

The nature of practical course will appear from the syllabus set out below :

Syllabus for the field training: During the field training a candidate will : (i) inspect a Central Bank and prepare an Inspection Note on the lines of the quarterly inspection, (2) inspect a village credit society and prepare an Inspection Note thereon; (3) inspect an urban bank and prepare an Inspection Note thereon; (4) inspect a special type society and prepare an Inspection Note thereon; (5) audit a village society and draw up an audit note; (6) conduct running audit of the accounts of a Central Bank covering one full quarter (3 months) and draw up an audit note with a balance sheet, cash account and profit and loss account; (7) conduct an enquiry under Section 35 (1) of the Co-operative Societies Act (1912) corresponding to Section 84 of the Bengal Co-operative Societies Act (XIX) in the case of village credit society and draw up a report; and (8) prepare a report of the proceedings of a village credit society under liquidation and to draw up organisation papers of rural society.

The progress of the actual work done in the Institute is set out below :

Information regarding training of different classes of officers during the last three years (from 1st April to 31st March.)

Class of officers.		Number trained			Number refreshed.		
		1945-46	1946-47	1947-48	1945-46	1946-47	1947-48
1 Inspectors	...	14	No recruitment in 1946-47 and 1947-48		No figures available the files have been taken to East Bengal.		10
2 Auditors	...	16					11
3 Assistant Auditors	...	3	10				
4 Reorganisation Auditors	}	...	See item 7 below	7			
5 Reorganisation Inspectors				8			
6 Supervisors	...	31	29	33			
7 Ex-servicemen appointed as reorganisation auditors and inspectors under Hood Scheme	...	34	14				
Total	...	98	43	33	...	...	46

Activities of the peripatetic units: each consisting of one Inspector Instructor and one Auditor Instructor :

1. Number of conferences and propaganda meetings—23.
2. Number of Supervisors' refresher classes—56 (5 supervisors on an average in each class total being $56 \times 5 = 280$ supervisors).
3. Number of classes for secretaries and panchayats of societies—65 (10 students attending on an average : total $65 \times 10 = 650$ society members).

Average annual cost of maintenance of the co-operative training and education of West Bengal—Rs. 65,000.

I have set out above the present position of the Co-operative Training Institute. I am indebted to Mr. P. N. Majumdar, Personal Assistant to the Registrar of Co-operative Societies for supplying me with these informations.

The Institute is, as I have already stated, a purely official concern and non-official co-operators have no control over the nature and character of co-operative education in the province. Besides, audit and inspection of the co-operative institutions of this province are still under the same officer *viz.*, the Assistant Registrar.

In spite of the definite recommendations of the Post-War Reconstruction Committee, on which I had the opportunity to serve, neither the Government nor the Department had taken any steps towards the separation of these two essential parts of the co-operative structure. The fundamental training and outlook of those in charge of audit—the position of a judge—is quite different from those of the Inspectors and Organisers. This has not been appreciated nor followed.

There should be a system of special training classes under an independent body for those who would be responsible for audit, and their pay and promotion should not be dependent on those officers who are in charge of the normal working of the co-operative institution. I go so far as to say that even the Registrar should have nothing to do with audit, which is sacrosanct, and should be entrusted to persons educated and trained in a different atmosphere.

The education of the mass of the people is absolutely dependent on popular sympathy, and support. This can only be done if they realise that this great movement is really their own. So long as the people feel that in ultimate analysis it is a purely official managed institution it can never evoke sympathy and enthusiasm.

CO-OPERATIVE EDUCATION IN CENTRAL PROVINCES AND BERAR

By

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The co-operative movement was introduced in this province in the year 1904. At the end of the last co-operative year *i.e.* on the 30th June 1948, there were in the province in all 7,535 different types of co-operative societies including central banks, land mortgage banks, primary credit societies, multipurpose co-operative societies, consumers' stores in rural and urban areas, women's and industrial co-operative societies, fisheries and dairy co-operative societies, and divisional co-operative institutes, etc. With the growth of the movement, a need was felt to educate the members of the co-operative societies in the basic principles, meaning, practice and advantages of Co-operation and, thereby, to develop in them a keen desire, and necessary moral and business capacity to efficiently manage the affairs of their societies on democratic lines. The work of co-operative education is being carried on through both non-official and official agencies.

The subject of co-operative education was brought into prominence by the Royal Commission on Agriculture(1928). The Central Provinces and Berar Co-operative Federation Congress of 1928, recognized the immediate need of the co-operative education and training and while accepting the recommendations of the Commission in toto appointed a sub-committee for drawing up a detailed scheme for giving effect to it, immediately in the banks in the Central Provinces. The Berar Co-operative Institute drew up a scheme in 1928-29 in consultation with the Registrar.

The salient features of the scheme were:—(i) Creation of a Central Board for each institute area which will be responsible for making proper and adequate provision for the education and supervision of societies. (ii) Empowering such a Central Board for employing and controlling the field staff necessary for the purpose in each central bank. (iii) Control of the field staff of the bank through the local supervision committee formed for the purpose in each central bank. (iv) Entrusting the work of financing to the working committee of the bank. These recommendations were accepted by the Federation Congress in 1929. The Provincial Government also accepted the recommendations and gave a legal recognition to them in 1930 by framing new "Rules under section 43 (I) of the Co-operative Societies Act II of 1912 for the better education and closer supervision of societies". To work out the scheme, grants were made by the Government and the scheme was first given a trial in Berar and Chhattisgarh Institutes and later in other institute areas. Group officers were appointed and training classes for rural directors of the central banks and members of the primary co-operative societies were held at different times and places for educating them in co-operative principles and accounts. By the close of the year 1935, the total number of persons trained was 1,508 in 398

societies. Some of the trained members started writing accounts of the societies. The scheme brought general awakening among the members of the primary societies. In 1933, the Federation Congress again appointed a sub-committee to review the scheme. This sub-committee suggested some minor improvements but did not make any basic change in system of co-operative education and training. The same system is continuing.

At present five Divisional Co-operative Institutes one each at Nagpur, Amraoti, Raipur, Jubbulpore and Chhindwara are working in the provinces. The duties assigned to these institutes are, (i) To train workers in co-operative movement, (ii) To educate the members of the co-operative societies, (iii) To act as co-ordinating agencies, in matters pertaining to co-operative education, (iv) To function as a focussing centre of non-official opinion on various subjects affecting the movement, and (v) To carry on propaganda of the movement by publishing books, leaflets, journals, and circulating magazines. Each of the above five Institutes has got one central board, consisting of six members,—two representatives of the central banks in the area, two representatives from the registered societies, which are members of such central banks, Registrar or his nominee and the President of the Institute. The Central Board does the work of education and propaganda, in its area of operation through the local supervision and education committee and the educational staff attached to the bank. The local supervision committee consists of two representatives of the directors other than those in the managing committee of the central bank, one of the central bank's representative in the Institute, Chairman or Vice-Chairman of the bank, one of the honorary secretaries of the bank and Registrar or his nominee. The field staff is composed of group officers who are officials of comparatively higher status and better qualification, not below Matriculation standard and assistant group officers, who form a subordinate cadre. A group officer is placed in charge of the actual work of education and supervision of a group of 50 societies in Central Provinces and 30 societies in Berar. He is expected to make such personal contact with the members of the society as would induce and equip them for managing their affairs. For this work, he tours a great deal in his area. The assistant group officer assists the group officer and also does the work of writing accounts. Wherever desired by the local supervision committee, Government circle auditors act as chief group officers, for supervision over the group officers and assistant group officers. Both these officers attend training classes, held by the Department for their training in the co-operative principles and accounting. They are granted certificates after they pass the examination. Failure to obtain a certificate within a reasonable time, makes the official liable to be removed from service unless by reason of substantial experience, or advanced age, exemption is granted by the Registrar. As the qualifications of these officers are different, different scales of pay are sanctioned. The income of these Institutes is derived from three sources, viz., (1) contribution at a specified rate from banks either on the loans outstanding against the societies or on the working capital, (2) annual subscription of rupee one

per member of a primary society (3) government grants. Expenditure over the field staff consisting of the group officers and assistant group officers is met from the income derived from the above three sources.

Though the results of the system have not come up to expectations due to certain adverse factors, such as depression leading to heavy over-dues, lack of sufficient interest on the part of the members of societies, it has been generally agreed that there is nothing inherently defective in it. It has generally improved the movement and has helped in infusing new life and new hopes in the members. It can still further improve the tone of the movement provided necessary steps are taken to increase the efficiency of the Institutes. It is noteworthy that the Government of the Central Provinces and Berar have taken the right step in the matter by increasing the Government grant to the Institutes by nearly five times, that is, from Rs. 32,889 for 1948-49 to Rs. 1,65,000 for the year 1949-50 thus providing a good opportunity to the honorary workers associated with the Institutes to work the system of education and supervision more efficiently and effectively. For the success of the system it is necessary to ensure harmonious working between its different component parts.

The training of the officials of the Department and various other types of the co-operative societies in the province is being done by the departmental educational staff under the scheme of education and training of co-operative staff, and the members of primary societies which was introduced in the year 1936 and for the initial period of $5\frac{1}{2}$ years financed out of the Government of India grant. The scheme was thereafter taken over permanently by the Provincial Government. As provided therein one educational inspector and three assistant educational inspectors were appointed by the Department and were sent to the Punjab for special training before they took up their duties. They attended the inspectors training class at Gurdaspur for three months and toured for one month in the interior to gain practical experience of the working of the movement. During their stay in the Punjab, they visited credit and non-credit institutions with a view to study the method of imparting education to the members of societies. In the light of experience gained by them a programme of work in this province was drawn up. Training classes are arranged every year by them for training the departmental staff and also the members of primary credit societies. The training classes for circle auditors, society auditors, managers of central banks and land mortgage banks, accountants and assistant accountants, of central and land mortgage banks group officers and society inspectors, are being organised every year at Nagpur for varying periods from July to December and those for the members of credit and non-credit societies, are being organized at different places in the province during the latter half of the year. Till 1946 these classes were being conducted by one educational inspector, and three assistant educational inspectors. From August 1946 one more post of an assistant educational inspector was sanctioned by the Government and the

post of the educational inspector was converted into a Gazetted post changing the designation to that of the Assistant Registrar for co-operative education and propaganda. This was necessary to cope with the increasing demand for co-operative education and training all over the province and consequential increase in the responsibilities of the post. At present there are eight assistant educational inspectors and one Assistant Registrar for carrying on co-operative education, training, propaganda, and publicity. The co-operative educational section now forms a permanent feature of the Co-operative Department. Besides the work of holding the training classes, the educational staff also undertake the work of writing pamphlets and articles in local languages on Co-operation and allied subjects, and help the general public in having a correct idea as to what Co-operation really is and what it can do for the masses. The educational section of the Co-operative Department is also expected to work in future as an information bureau for the co-operative movement.

In the co-operative year 1947-48, the following work was done by the educational staff for the training of the staff of the Department and employees and honorary workers of the co-operative societies ;

(a) the training classes for circle auditors, society auditors, managers of central banks and land mortgage banks, accountants and assistant accountants of central and land mortgage banks, group officers and society inspectors, were arranged at Nagpur for the period from July 1947 to December, 1947.

(b) From January 1948 till June 1948, 18 classes were conducted at the district and tahsil headquarters in the province for training the personnel of the non-credit societies;

(c) The educational staff was also busy in attending the cattle shows and exhibitions held at different places in the province. Co-operative stalls were put up at these shows, and attractive posters and pictures on co-operative subjects were exhibited. Propaganda was also done with the help of the departmental propaganda *van*. The assistant educational inspectors also visited the social education camps, and delivered lectures on Co-operation.

Co-operative propaganda was also carried on through the rallies of co-operative societies which proved to be of great educative value. They awaken interest and revive faith in the co-operative movement. Though co-operative education, training and propaganda has considerably improved the tone of the movement, much more remains to be done.

CO-OPERATIVE EDUCATION IN MADRAS

By

RAO BAHADUR PROF. S. K. YEGNANARAYANA IYER

One of the wisest things that the famous Rochdale Pioneers did in organising business was to set apart a portion of the net profit for education and propaganda. They realised that even the most potent truth has to be brought to the people and will not spread of its own account. They therefore, naturally attached great importance to education and propaganda for the spread of the store movement which they started. They wanted to make the people co-operatively minded.

The Pioneers of the co-operative movement in India also realised the need for co-operative education before the movement could spread among the masses of the country. But they did not make specific financial arrangements for the purpose as the Rochdale Pioneers did. Whenever the co-operative movement was taken stock of by a Commission or a Committee the need for co-operative education was always stressed. MacLagan Committee, Banking Inquiry Committees both Central and Provincial and the Royal Commission on Agriculture, all emphasised the importance of co-operative education and training. The Townsend Committee and recently the Vijayaraghavacharya Committee which took stock of the movement in our province did the same ; " That there is need, therefore, for intensive co-operative education and training for all ranks of co-operative workers, paid and honorary, ' as units in the co-operative army able to work intelligently, individually and in groups, for the realization of co-operative ideals ' is admitted. We feel that the various piecemeal arrangements made from time to time should be superseded by a scheme planned as a whole."

It may not be out of place if we stress the fact that the ultimate responsibility in the matter of co-operative education rests with the Government. The movement itself is somewhat of exotic in our country being superimposed on our people by a foreign Government. Even though the foreign nature of the Government is gone and India has attained independence, still some of the inherent defects of the movement continue ; one of them has been the tendency on the part of the people to look to the Government for rectifying all mistakes. We have to add that all the changes that have been brought about in the working of the movement as a result of inquiries and legislative enactments consequent on them have always tended to strengthen the departmental powers and to weaken the popular nature of the movement. The ideal with which the movement was started was to deofficialise it completely after a time ; but this ideal has been fading. The Government therefore have to make adequate provision for financing any scheme of education and training though they may seek the help of non-official bodies for carrying out the scheme.

Let us examine the nature of co-operative education and training that has to be given. In the first place, Co-operation being a popular movement the people at large have to be made co-operatively minded. There must be some popular method of bringing Co-operation within the range of easy understanding of every citizen who in the near future would be entrusted with the additional responsibility of exercising his vote. Secondly, boys and girls in schools and colleges who are to become the citizens of to-morrow have to be given some more intimate knowledge about Co-operation. This can be done either by certain lessons on Co-operation being incorporated in their text books or by choosing some popular books on Co-operation for being prescribed for non-detailed study. Thirdly, members of co-operative societies, urban and rural, who form the very basis of the movement ought to know their rights and responsibilities and they must be educated regarding that. Otherwise the movement will not have a healthy growth. Fourthly, those who run the movement as clerks, accountants, supervisors, etc., have to be given an intensive training in the general principles of Co-operation together with some knowledge of accounting, auditing, etc., and this kind of specialised training has to be of different grades according as the persons concerned are to occupy—low, middle or high places—in the movement and according as the institutions they handle—small or big.

Having discussed the need for co-operative education in a general way let us turn to what has already been done in the matter of imparting such training. We have to admit the sad fact that the lack of literacy on the part of the masses has been a serious handicap in the matter of spreading co-operative education. The Madras Government subsidises the Provincial Co-operative Union for running a short course of Panchayatdars' Training Classes which was discontinued for two years and which is again being revived this year. In the earlier days, before a co-operative society was started in rural or urban areas the officers of the Department or supervisors of the Unions used to do some propaganda in the areas selected with a view to make the people understand the fundamental principles of the institution which they were going to form and work. But this was of a very perfunctory nature. It has been said that some over-enthusiastic inspectors used to tell the villagers "put one rupee as your share capital and you will get a loan of fifty rupees," which as rules stand is a fact. But the more important fact of unlimited liability which alone made one rupee share capital earn a loan of fifty rupees was not explained at all and in a few cases where debtors defaulted and the unlimited liability had to be enforced the original members had the surprise of their life.

Government also help in a way in the running of training institutes by the Provincial Co-operative Union. These institutes form the main portion of the structure of the co-operative training. There were six institutes to start with at Tanjore, Coimbatore and Vellore in the Tamil disiricts ; and Rajahmundry, Bezwada and Anantapur for the Andhra area. But in course of time the institutes at Vellore and Bezwada were abolished and later on there were only two peripatetic institutes over and above the training

institute which the Government ran for its own subordinates. All these facts go to show that there was no one definite consistent policy pursued by the Government in the matter of co-operative education and the help they gave varied from time to time.

Let us take a bird's eye view of co-operative education as it is to-day in our province. The Government and the Madras Provincial Co-operative Union are the two most important agencies engaged in this work. The Government runs a training institute for its recruits to the Department. The recruits are selected by the Public Service Commission, but they are given a training after which they are expected to pass an examination.

The Government also conducts examinations on Co-operation and allied subjects in its scheme of technical examinations conducted by the Commissioner for Government Technical Examinations. The Government also deposes its officers now and then to foreign countries to get trained, and the knowledge they acquire becomes available to the movement. In former times the Government had it as a policy to make the person chosen to be the Registrar undergo a course of training. But this wholesome practice has been given up in recent times and we had at least two Registrars who came with a fresh and open mind to the Department. It is true that both of them have done well as Registrars; but perhaps they would have done better if they had training as well.

The University of Madras interests itself in co-operative education only in a slight way. In the B. Com. (pass) and B. Com. (Hons) Co-operation forms one of the subjects which the candidates have to study. I believe the same is the case with the Andhra University as well.

The Provincial Co-operative Union, the apex non-official organisation for the whole province; has been doing its best for Co-operation all these years. About 25 years ago its then president Rao Bahadur A. Vedachala Iyer who had just retired from service as Registrar started a course of training spread over a few weeks and conducted by prominent non-official co-operators who gave lectures on chosen subjects. But later on under the auspices of the Provincial Co-operative Union training institutes were started and though as stated earlier its number has been varying, four continue to live and impart co-operative training for supervisors and accountants of banks and other important societies. They are at Rajahmundry, Anantapur for the Andhra area and at Tanjore and Coimbatore for the Tamil districts. The linguistic areas of Malabar and South Kanara had hitherto to be contented with sending their candidates for training to the nearest training centre viz., Coimbatore. This was possible so long as English was the medium of instruction. With the growing tendency to substitute the regional language as the medium of instruction Coimbatore can no longer help the adjoining areas of Malabar and South Kanara. Therefore a training centre has now been opened in Malabar and perhaps in course of time another may have to be started in South Kanara. The Provincial Co-operative Union makes a small token grant to these institutes

which depend for their maintenance on the fees received and the grant from the Government who either depute their officers or pay the salaries of teachers who run the institutes. The Provincial Co-operative Union conducts examinations for all these institutes.

Therefore, in the matter of technical training there are only two agencies—the Government and the Madras Provincial Co-operative Union. The Government trains its inspectors and the Provincial Co-operative Union trains the large number of non-official employees. Formerly the trainees in the Government institute also took the Union examination. Now they have their own independent scheme of training. Popular training is still in a very rudimentary stage and the training of boys and girls in schools and colleges has not been tackled at all earnestly. They form a very promising field of recruitment. In schools and colleges not only can theoretical training be given, but facilities for practical knowledge can be afforded by co-operative stores being started for the supply of books and articles of stationery required by the students. In colleges also if not in schools extra facilities can be given by organising students' canteens which would get them into touch with the realities of the world and make them familiar with buying and selling in the open market.

In recent times there has been some agitation for the starting of a special college on Co-operation and the Vijayaraghavacharya Committee has set its seal of approval on the scheme. But owing to the political vicissitudes through which our country has been passing the idea has not been implemented so far. In the meanwhile the idea of a college itself is losing its attraction to some co-operators.

The Vijayaraghavacharya Committee which has examined the scheme of co-operative education and has made concrete suggestions for a comprehensive programme will, it is hoped, have the honour of its recommendation being accepted and acted upon. The times are propitious. We have veteran co-operators in our provincial cabinet. On the non-official side Rashtrapathi Dr. B. Pattabhi Sitharamayya and the Congress General Secretary Sri Kala Venkatarao are both ardent workers and leaders of Co-operation. Under the joint inspiration from the Congress High Command and the Central Government, Co-operation is forging ahead as most of the institutions formed for the benefit of refugees are co-operative in character. We believe that Co-operation has got a great future before it; but in order that the movement may grow strong it should be founded on a strong basis and no foundation is so effective as the spread of co-operative education. It is hoped, therefore, that both officials and non-officials will realise the importance of co-operative education and devote to that great cause the attention it deserves.

CO-OPERATIVE EDUCATION IN MYSORE

By

R. K. JAYATIRTHACHAR, B.A., LL. B.,

Co-operative education is a most vital factor and desideratum for the creation of the co-operative commonwealth that co-operators the world over dream of. But it has to be remembered that co-operative education is inextricably, or at any rate intimately, bound up with general education. A spread of general education is to a considerable extent, a great help to the spread of co-operative education, and it will not be wrong to say that the progress in co-operative education is in proportion to the progress in general education. The Chandrasekhara Iyer Committee have observed in their report "one of the serious handicaps to the successful working of the (co-operative) movement is the general ignorance of members, and the absence of trained men among office bearers of societies. Most of the defects in the working of societies are due to the lack of elementary knowledge on the part of those entrusted with their management." This was in July 1936. Since then some headway has been made. The agency of the Co-operative Department does, no doubt, some work of education in a broad sense, but the Department has other aspects to look to, such as inspection and audit and this may not always take an educative form. The Mysore Co-operative Institute has done some work in this direction in the shape of conferences, training classes and through District Propaganda Officers.

Conferences :—A Provincial Co-operative Conference is being held annually for the last 37 years. This Conference till recently was being held in Mysore during the *Dasara* season. The delegates had before them the additional attraction of the *Dasara* festivities and the Maharaja's procession on the *Vijaya Dasami* day with its cavalcade of horses, elephants, the infantry the cavalry and the *Darbar* is in uniform. Now a departure has been made. In 1947, the Provincial Conference was held in Bangalore during the Christmas week. In 1948, one of the district head-quarter towns, Shimoga, took up the responsibility of holding the Provincial Conference. Apart from the Provincial Co-operative Conference there was hardly any other conference. The Central Institute in Bangalore was till very recently, practically alone without any branches. There are two Associations in Mysore City known as The Mysore Co-operative Federal Union and the Mysore Co-operative Staff Association which have done some good work. Barring these there have been no unions either. Small libraries have been formed in a few co-operative institutions. During last year, thanks to the efforts of the non-official co-operators and enthusiastic official support, branches of the Central Institute have been formed at all the district head-quarters towns and district conferences were held in all the districts. It is hoped that the District Branches will do some very useful work.

Study Classes :—In the earlier stages, some 'refresher courses', as they were called, were held at important places like Bangalore, Mysore and

Shimoga for the benefit of employees of co-operative societies and for those others who were willing to attend the classes. As nothing good (or bad, for that matter) will be without its effect, these refresher courses did produce some good results, but this activity was rather fitful and there was no regular periodicity about it. A regular course of studies was started in or about 1939 and instruction was given on four groups of subjects ; viz., (1) Principles and Practice of Co-operation, (2) Co-operative law (3) Banking, Book-keeping and Accountancy, and (4) Elements of General Law. Wherever possible, free accommodation was given to students in need of the same. A stipend of Rs. 5 each was also given to some of the students. The following figures show the results—

Year	Centres.	No. of students that joined.	No. that sat for examination.	Number that passed.	No. of Scholar ships.
1939	Bangalore & Mysore	..	51	17	21
1940	"	... 50		10	
1941	Bangalore & Shimoga	... 61	28	15	
1942	Bangalore & Mandya	... 39	19	8	3
1943	Bangalore & Mysore	... 38	15	10	6
1948	Bangalore & Mandya	... 40	16	8	

No classes were held during 1944 to 46 ; figures for 1947 are not known.

These classes were conducted by and under the auspices of the Institute. Several gentlemen who have been working in the Co-operative field and others outside the field did a lot of creditable service. All of them worked honorarily and with enthusiasm. Government gave a special grant for incidental expenses. The initial enthusiasm on the part of students, however, rarely continued to the last. As the figures show, the number that sat for the examination was never even 50 per cent of those that joined the classes. It is a fact to be recognised that very few join any class out of mere enthusiasm, and an attraction of a more practical nature has been almost always necessary. It is also to be admitted that persons who undergo this training have no special or attractive reward in the shape of a career. No doubt, the Institute and the Registrar of Co-operative Societies have circularised all the societies to the effect that in recruiting members of their staff, the societies should prefer those who have attended the training classes and passed the examination. In the nature of things, and considering the circumstances the circular is only of a recommendatory character and cannot be given full effect to. It is also to be noted that appointments in co-operative institutions are not lucrative or otherwise attractive. It is no wonder that the training classes have not been the success they ought to have been. In the words of that eminent co-operator Mr. Ramadas Pantulu, men require a touch of co-operative ideology and a higher urge to discharge their functions with an exalted sense of duty, and for them, the coin which is behind their work of daily routine may not alone provide the necessary healthy stimulus, but in the case of

the majority of paid employees of even co-operative institutions, the coin or its modern variant, currency, is certainly a stimulus. Recently the Provincial Co-operative Conference passed a resolution requesting the Institute to frame a set of rules for the guidance of societies in the matter of the conditions of service, leave, punishment, gratuity and provident fund and allied matters. A set of rules was framed and the same was adopted at the thirtieth Mysore Provincial Conference held under the Presidentship of Mushir-ul-Mulk J. Mahomed Imam in October 1943. Even these rules are recommendations only.

District Honorary Propaganda Officers:—The Institute has appointed District Honorary Propaganda Officers. These are persons who have been working in the co-operative field for a number of years. Many of them have done good work. Their function has been to advise and to guide primary societies in their day-to-day work and try to solve their problems as far as possible. Their work is quite honorary even in the sense that they are not allowed any expenses except one rupee per annum for postage expenses, which, I believe, no Propaganda Officer has drawn till now. In the nature of things, their work has been very much limited. I am glad to say that a fresh scheme is now being considered.

Journal:—The Institute is also publishing a monthly periodical in which useful articles, accounts and speeches appear. The journal is supplied to all member societies of the Institute and to those that subscribe.

Schools:—The Chandrasekhara Iyer Committee in their valuable report suggested the starting of a Central School with three courses (i) Elementary course for a period of six months intended for the subordinate clerical staff of societies, (ii) an Intermediate course for one year meant for those intending to be qualified as auditors of co-operative societies and officers of and above the grade of co-operative inspectors, and (iii) a Special course for one year for the higher officers of the Department and for those who after going through the intermediate course wish to specialise in the Theory of Economics, Co-operative and Joint-stock Banking, the Law of Companies, etc. But so far, this has remained a mere recommendation and neither the Institute nor Government have taken any action in this matter. In 1941, the Provincial Conference passed a resolution to the effect that Government be requested to direct that the training classes for Departmental Inspectors be also undertaken by the Institute. Government did not approve of the recommendation on the ground that it was not proper to combine the two classes. The problem has to be considered from a broad and nation-building stand-point. It is hoped that with the advent of popular Government this and other aspects of Co-operation will receive the attention they deserve, and the Institute and its branches will receive all the help required in pushing on the campaign of Co-operation.

CO-OPERATIVE EDUCATION IN HYDERABAD STATE

By

KHAJA GHOUSUDDIN,

Deputy Registrar, Co-operative Societies, Hyderabad State.

The Central Co-operative Union is in charge of co-operative education. It was entrusted with the work of holding training classes for the employees of the Department and other candidates seeking employment. It has been conducting such classes annually and separate classes for the lower grade employees as well *viz.*, supervisors. Apart from this the Union had engaged more than half a dozen propagandists whose duty it was to tour in the villages and hold a training class for the secretaries and members of the managing committees of the agricultural credit societies. Such training classes were held for a fortnight in a central village where the candidates in the surrounding 8 or 10 villages attended and underwent training. In this manner secretaries of these societies were not only enabled to get a rudimentary knowledge of the principles of Co-operation but also got to know the system of maintaining the accounts of societies which they happened to be managing. Unfortunately since three years these posts of propagandists had to be abolished by the Central Co-operative Union pending sanction of the Propaganda Scheme submitted by it which envisages a more elaborate scheme for arranging such training classes. The scheme in question is pending sanction of Government and when sanctioned will be able to help the Union in arranging for a systematic training.

The officers' training classes have, however, continued as before and sufficient candidates needed for employment in the Department have been made available through such training. During all these years by arranging training of employees of the Department it has been possible to have the entire staff trained and it is at present manned by such as have already undergone training. In this manner the Department is able to maintain a standard of efficiency which would not have been possible otherwise.

Apart from such co-operative training, co-operative rallies are also held in the districts at suitable centres where propaganda and education is done by means of lectures, dialogues and practical demonstrations. Government has been giving an annual grant of Rs. 5,000 for the purpose of holding rallies and this grant is supplemented by contributions from the societies in the area where such rallies are proposed to be held on the basis of fifty-fifty so that in this manner these grants are available for a fairly large number of rallies annually.

THE SEVENTEENTH CONGRESS OF THE I. C. A.

SUMMARY OF THE PROCEEDINGS¹

The 17th Congress of the I. C. A. was held in Prague from the 27th to the 30th September, 1948, under the auspices of the Central Co-operative Council of Czechoslovakia. The Congress was presided over by Lord Rusholme, the President of the Alliance. The number of delegates represented at the Congress was 444 from 24 countries².

On behalf of the Central Committee of the International Co-operative Alliance, the President, Lord Rusholme, extended a very cordial welcome to the 17th Congress, which by its deliberations, as he trusted, would help to carry the co-operators of the world far towards their co-operative goal.

The President said that no one could regret more than he did the tense atmosphere which overhung the international situation to-day. Disputes between nations were bound to arise, but none, surely, was beyond settlement by conciliation and arbitration. He trusted all people, and especially co-operators, would be articulate on this matter, so that the world did not plunge into the abyss of war. That of course, demanded toleration, consideration for others and patience on all sides, and an increasing recognition that there is a brotherhood amongst the people of all nations. These qualities had been highly developed among co-operators and the co-operative movement. They were qualities which had to be displayed in the wider realm of international relations.

The President then touched upon the international difficulties which had appeared since the close of the war. It was true that deadlocks had emerged over certain political issues and that economic frustration had faced many peoples of many nations, but we could not ignore the positive achievements in other directions. The work of the United Nations in the economic and social field, involving international co-operation in quite a number of matters, was doing an enormous amount of good in breaking down the barriers which existed between nations. This constructive international work with which the Alliance was associated would prove invaluable in the future for those generations which were to come. The Congress should bear in mind that the world co-operative movement, with its century-old democratic foundations, was indeed an instrument making for peace and understanding. That the Congress met in Central Europe was itself significant in view of the divisions which had developed between governments in the east and governments in the west. "We co-operators are concerned that there shall be no divisions amongst us; there must be unity of purpose and unity of action, and this must be combined with a determination to strive for peace. If the Congress will approach those problems where differences of opinion are bound to arise, in the true co-operative spirit, it will certainly be able to find a solution to those problems which will be acceptable to all".

Report of the Central Committee on the Work of The I. C. A.

The President, Lord Rusholme, submitted the Report of the Central Committee for the two years since the Zurich Congress by a short speech. He wanted the delegates particularly to realise that the period covered by the Report was the unusual period for the Alliance of two years, and not, as had been customary, the period of three years. Moreover, those two years covered a period characterised by quite unprecedented economic difficulties and unexpected political friction.

¹*Review of International Co-operation*, December, 1948.

²Austria, 7; Canada, 1; Denmark, 14; Britain, 73; India, 3; Poland, 45; U.S.A. 4; China, 3; Finland, 9; Greece, 2; Italy, 71; Roumania, 2; U. S. S. R., 26; Belgium, 19; Czechoslovakia, 44; France, 42; Holland, 4; Norway, 11; Sweden, 38; Yugoslavia, 3; Bulgaria, 2; Iceland, 3; Palestine, 3; Switzerland, 15.

He expressed the hope that the delegates would take an interest in the matters which were referred to in the Report, and would not hesitate to contribute their views on the matters dealt with therein.

In the Introduction to the Report, it is stated that the participation of the I. C. A. in the work of the United Nations was established and extended during the period covered by the Report. As the Organisation of the United Nations has developed, the close and logical ties between its work and that of the World Co-operative Movement have become more and more obvious. As to the work of the National Organisations, rich evidence is accumulating concerning the part which Co-operative Organisations in many countries are playing in the fight against inflation and high prices, and the Co-operative Organisation, with its flexible machinery, is seen clearly as the strong and sure defence of the people against unjust prices and profiteering.

The Membership of the I. C. A. has undergone some important changes since the last Congress. A number of new or reorganised Organisations have been admitted, and the total number has been considerably increased. Admission of new members has not only added 5 new countries to the territorial sphere of the I.C.A. but it has extended the representation of agricultural and other types of co-operative society, thus continuing the evolution of its constitution by which the I.C.A. ceases to be predominantly a Federation of consumers' co-operative societies, and is becoming more and more representative of every type of co-operative organisation.

According to the terms for 1946 except for new affiliations the I.C.A. through its national organisations, comprised some 4,36,000 co-operative societies, with an aggregate individual (family) membership of 102,000,000. The societies represent all the main types of co-operative organisation, consumer co-operative societies, workers' productive, labour and artisanal societies, agricultural co-operative societies, credit societies, building and housing societies. Co-operative insurance societies are not included in these statistics, because, for the most part, the insured are members of other types of co-operative societies. As a class they are represented in the I.C.A., by 21 societies, with over 21 million insured persons, individual and collective.

The Publications:— *The Review of International Co-operation* has appeared again in a French edition, in addition to the English, since January 1948. The English edition has at present a circulation of 1,680 copies, and the French edition of 900 copies. *The I.C.A. News Services* in their Co-operative and Economic editions, appear regularly, and as regular national press activities expand the material upon which they depend becomes more plentiful.

Economic Research as a particular section of the Secretariat has not yet been re-established, but is under consideration as part of the reorganisation plans.

Statistics of Affiliated Organisations for the period of 1938-46 have been collected and partly published in the *Review of International Co-operation*.

The Resolution of the Congress at Zurich to create a Centre for the study of International Co-operation, under the name of the "Henry J. May Foundation," was communicated to the affiliated organisations immediately following the Congress and they were invited to suggest measures for realising the desire of the Congress particularly as regards to place of the Centre and its endowment and maintenance. The Central Committee resolved :

1. That from now onwards all the educational activities of the I.C.A.—Schools, Conferences, &c.—shall be planned and carried out under the name of the Foundation,
2. That the Foundation shall be financed out of the General Funds of the I.C.A.
3. That as study centre the Foundation cannot function until suitable accommodation is available, that is to say, until the new Headquarters of the Alliance are decided.
4. That the scope of the work of the Foundation shall be in abeyance until an Educational Adviser has been appointed who shall be asked, in collaboration with the other principal officials; to draw up a plan for submission to the Executive.

The question of the date of *International Co-operative Day* has been the subject of an enquiry also including a request for information from national organisations concerning the extent of its celebration, and for any suggestions in order to improve its efficacy in promoting world peace. They were also asked for their opinion as to how to make the contribution of the I.C.A., more effective and whether they would in the future collaborate whole-heartedly to assure to the Festival its full significance.

The replies received to the Questionnaire from less than 20 organisations were submitted to the Central Committee at Avignon in May, 1947, when they also had before them a recommendation from the Executive that the present date of International Co-operative Day be maintained. A counter-proposal that the date should be changed to September was submitted to the vote, and received an equal number of votes with the proposal for the maintenance of the present date. Under these circumstances, according to the Standing Orders, the date remains unchanged.

An exhaustive report is given on the relations between the I.C.A. and the United Nations Organisations, *The Review of International Co-operation* has contained information regarding most of the contributions made to the work of the United Nations by the I.C.A. during the two years period since the Congress at Zurich, in the first place, the participation of the I.C.A. in the work of the U.N. Conferences on Trade and Employment in London, Geneva and Havana, the bringing of the Zurich Resolution on the international administration of the world's oil resources before the Economic and Social Council, and also participation of the I.C.A. in meetings and Conferences of the I.L.O., the F.A.O., UNESCO, the Economic Commission for Europe, the Coal Committee and Housing Committee of the E.C.E., the International Maritime Conference, the U.N. Conference on Freedom of Information and the United Nations Appeal for Children.

Information is given in the Report on the development of Co-operation in Germany, Austria and Italy. The G.E.C., German Co-operative Wholesale Society, Hamburg, was admitted to membership of the I.C.A. in May, 1948, as well as the two Central Organisations of the Italian Movement. The Austrian Central Union was admitted prior to the Zurich Congress.

In the period between the two world wars, the I. C. A. gave serious consideration to the possibilities and necessity of organising 'missionary propaganda' in countries where the movement was weak or where Co-operation was unknown. During the second world war, when much of the normal work of the Secretariat was curtailed, a study was made of the extent to which Co-operation has developed in the British Colonies. The I. C. A. was able actively to assist the British Government in its new Colonial policy after the war, in which the encouragement of Co-operation plays a prominent part. Other Governments are also considering the promotion of Co-operation in their Colonies.

In the light of the Report and information given to them from time to time by the Secretariat, the Central Committee decided to bring the question of the promotion of Co-operation before the Congress in Prague, both in their Report and in a special Resolution.

Resolutions passed at the Congress

PROMOTION OF CO-OPERATION

The first Resolution to be dealt with was the Resolution on the Promotion of Co-operation, which was presented by Prof. H.L. Kaji:—

"The 17th Congress of the International Co-operative Alliance, draws attention to the outstanding difference in economic development and standard of living between the more advanced and the under-developed countries of the world, and emphasises the duty of the co-operative movement effectively to contribute to diminishing and ultimately to abolishing these differences.

The I. C. A. appeals to the International Co-operative Movement to further the progress and stabilisation of Co-operation in all fields—consumers' agricultural producers, credit—in the under-developed areas in the world with all the energies and resources at its disposal.

The International Co-operative Alliance should establish and maintain working contacts with pioneering co-operative circles in under-developed areas.

The national organisations in co-operatively more advanced countries should undertake energetically to promote the commercial exchange of products with the co-operative organisations in the under-developed countries; and to give their support in providing facilities for leaders and officials of co-operative organisations in the under-developed countries to acquire intimate knowledge of co-operative principles and helpful experience of the working methods of Co-operation in co-operatively more advanced countries.

The 17th Congress of the I. C. A. further directs the attention of the national organisations to the importance of international action through organs of the United Nations Organisation to promote general economic and social progress in the under-developed countries along the lines expressed, eg., in the Charter of the International Trade Organisation."

Prof. Kaji said that the Resolution was one of very far-reaching importance. "The peoples of the world everywhere, in India and the East and in Europe and the West, pray for peace. Co-operation has as its object in the first instance the raising of the economic conditions of the workers, but how can we possibly expect to raise their working conditions and to improve their economic conditions unless there is peace in the world?" The Resolution on the promotion of Co-operation, which the speaker characterised as the Central Resolution of the Congress, related to the spread and development of Co-operation in the under-developed countries. The question had been raised in the Central Committee of what the "under-developed countries" are, and it had been suggested that the words "colonies and dependencies" should be inserted instead. He pointed out that this last mentioned expression was, not a correct one, because there were several States, like for instance India, which were no longer in the category of colonies and dependencies, but independent sovereign States, yet economically under-developed. The interpretation of the word "under-developed" might offer some difficulties, but the implication of the Resolution was that Co-operation should be promoted not only in the under-developed areas, but in all areas all over the world. The Resolution, however, formulated the policy to be adopted in promoting Co-operation. There were outstanding differences in the standard of living between the different parts of the world—there were in India, for instance, millions of people who had a standard of living that was below the standard of subsistence—and, in raising this standard of living to at any rate a decent level, Co-operation could help a great deal.

Prof. Kaji further referred to the mention made in the Resolution of the promotion of economic and social progress in the under-developed areas through international action. Reference had been made to the principles laid down in the Charter of the International Trade Organisation to this end. This did not imply that we were bound to copy only the principles laid down there, but similar principles elsewhere, wherever good principles were.

The results which may be obtained by the adoption of this policy are the utilisation of the natural resources of the world to the fullest extent, for the benefit of producers and consumers, the emancipation of the populations of all continents from the moral, educational and cultural points of view, and an all-over economic advancement in the world. In the measure these results would be attained it would also mean a contribution to the steady reinforcement of the feeling of solidarity between peoples which was the fundamental prerequisite for a lasting peace. In concluding, Prof. Kaji said that he hoped that the Executive would take active steps in order to implement the Resolution in a really effective manner, and would later embody in its report a statement of exactly what had been done on this very important matter.

Mr. Patel, India, thought it would be appropriate to ask the Congress also to devise ways and means for putting the Resolution into effect, so as not to make it only a pious wish, and wanted a small committee consisting of Great Britain, the U. S. S. R., Switzerland, Holland, Czechoslovakia, India and China to be appointed, with the object of organising the co-operative movement in various countries where co-operative ideology had not so far penetrated.

Mr. Sidorov, U. S. S. R., proposed a number of amendments to the resolution, aiming at changing the term "under-developed countries" to "colonial and dependant countries," at making several other changes in the wording in the first three paragraphs, and at eliminating altogether the part of the Resolution dealing with the I. T. O. Charter.

Prof. Kaji, in replying to the proposal of Mr. Patel said that the Executive could take the necessary steps in the matter, and it might not be advisable to appoint a special committee at that Congress. "If afterwards we find that the Executive is not able to cope with the problem we might ask for the appointment of a special Committee."

The amendments of Mr. Patel and Mr. Sidorov were put to vote and lost; the resolution of the Central Committee was adopted.

CO-OPERATION AND HOUSING

"The 17th Congress of the International Co-operative Alliance stresses the importance of the Co-operative housing and building societies organised for the general solution of the housing problem in pursuance of progressive social and economic policies aiming at the development of adequate housing standards in urban and rural zones; at avoiding land speculation and excessive profits in the housing industry; at improving the output of the construction of houses; and at lowering the costs and rentals so as to make satisfactory housing accommodation available for social classes with low incomes;

Recommends the affiliated national organisations, wherever private monopolistic combinations are active in the production of building materials, fittings and fixtures, or in the industries or installation, with detrimental effects on the costs of construction, to embark upon the production of key materials in suitable fields of industry, and, where co-operative housing organisations become, eventually, active in these fields of production, to seek contacts with them with a view to establishing jointly-owned enterprises. The Congress, emphasises the desirability of a continued study of the nature and possibilities of development of housing co-operation within the I.C.A. with a view to gathering into the Alliance as members those national or central organisations of co-operative housing and building societies which conform to its rules, and to drawing up, with the assistance of these organisations, general principles and practical directives for continued co-operative and inter-co-operative action in the field of housing."

Dr. Ruf, Switzerland, introducing the Resolution said that a satisfactory solution for the problem of housing had proved most difficult in the various countries and that one of the reasons for this was that in nearly every country housing and the land are subject to the activities of speculators, while materials and construction are often in the hands of monopolists and exploiters by capitalist enterprise. In Switzerland and Denmark the production of materials for construction was undertaken by co-operative organisations with very good results. He wanted the co-operative housing organisations in the various countries to collaborate efficiently with the consumers and the agricultural co-operative organisations in solving the problem.

Mr. Score, Great Britain, complained that the co-operative movement had not done as much as it ought to have done to provide housing. In Great Britain funds aggregating to £ 70 millions had been made available for working class housing through the Co-operative Permanent Building Society, the C.W.S., the S.C.W.S.' and the Co-operative Insurance Society.

Dr. Bonow, Sweden, narrated how the Swedish co-operative movement by entering the field of building industry and the production of building materials had been able to break up the monopolies and obtain the benefit of lower costs for the consumers.

The Resolution was unanimously adopted.

WORLD OIL RESOURCES

"The 17th Congress of the International Co-operative Alliance stresses the urgent necessity of an effective implementation of the Atlantic Charter of free and equal access to the raw material resources of the world for the maintenance of a lasting peace;

Further, that these raw material resources to an ever-increasing extent are being exploited by monopolistic combinations, cartels and trusts, active in the national or international field, with a view to deriving excessive profit by restricting production and establishing domination of the markets of distribution;

Also that this development in the case of certain important raw materials as petroleum, has had the effect that, in spite of abundant potential resources, the supply available during periods of particularly heavy demand cannot satisfy the growing needs, that, in the present situation, a world shortage of petroleum has arisen;

The Congress, therefore, emphasises the urgency that this development be submitted for a study to a suitable organ or specialised agency within the framework of the United Nations Organisation to serve as a basis for measures to be taken with a view to safeguarding, by international agreement, the expansion of production and the free access to petroleum; also to providing for the consumers all reasonable facilities to cover their needs through organisations of their own."

Mr. Davidson, in introducing the Resolution, stressed that oil imperialism was rampant involving some of the great Powers. "The struggle for oil is a far-reaching one, which may possibly involve the Peace of the World; already has been bloodshed since the second world war, and crude oil has been undoubtedly somewhere in the background . . . It is probably inevitable that the United Nations should take part in the game internationally." Oil men feared this bitterly, and were taking millions of dollars from the consumer to wage war on the consumer. He also emphasised that the Resolution had been endorsed by the International Co-operative Petroleum Association and that only by the application of co-operative principles to all the ways of life would mankind hope to emerge from the present darkness and difficulties.

Mr. Gill, Great Britain, explained that the present capitalistic control of oil took three forms: "monopoly control by certain countries; there is the monopoly control by capitalistic cartels; and there is the third form of control, where the State and capitalists have combined and formed their own cartels." What the Resolution asked was that an enquiry should take place, with a view first to determining all the sources of raw material, and secondly determining the needs of the various countries for the raw material and thirdly determining a fair share of the oil for all the countries that need it, whether they were producing countries or not. In order to prevent the old rivalry between States over oil from going on, the Congress should ask that the enquiry should be complete, and should deal with State-controlled as well as with capitalist controlled oil.

The resolution was then adopted.

JOINT INTERNATIONAL CO-OPERATIVE ENTERPRISES

The Practical Development of International Co-operation in the Economic sphere was the subject of a paper by Mr. A. Johansson, Sweden, who had a resolution on it.

State control and guardianship over economic life had existed in many countries for many hundred years. Its breakdown was brought about by the growth of Liberalist ideas. Consumers availed themselves of the liberty to form enterprises of their own, but only to a very small extent. After the advent of the Rochdale Society, a century ago, the theory of Consumers' Co-operation developed with a programme for the formation of more and more societies. Their non-profit character distinguished them from worker's productive societies which were interested in obtaining the highest possible income for themselves.

Though economic liberty was accepted in principle co-operatives could not spring up immediately for lack of education among those concerned. It was with the spread of literacy and elementary education that co-operative activities developed but only on a national scale. Even within a country the bigger societies acted as wholesalers on behalf of the smaller ones. The same thing might happen in the international field, the larger national wholesales selling to wholesales of smaller countries. This is not compatible with the co-operative programme.

Productive and distributive enterprises of a co-operative character should be owned by the buyer—consumers, persons or organisations. The magnitude of co-operative wholesales and their financial and commercial strength in different countries are very divergent. The bigger wholesales might look askance at collaboration with the smaller wholesales. But are not big and small societies in England all affiliated to the C.W.S., all benefiting by this Co-operation? Why should it not be the same in the international sphere? He cited some examples.

The manufacture of electric lamps and materials is a co-operative enterprise in Norway, Sweden and Scotland. Why should they not be jointly owned by all national wholesales? The Swedish C.W.S. has expressed its willingness to co-operate in the realisation of such a programme, which would be an advantage to all, including those who now own lamp factories.

In the distributive sphere, the British co-operatives forming The English and the Scottish Joint Wholesale Society are the owners of the largest wholesale tea business. Other wholesales buy from them without being members. Why not convert this into an international co-operative enterprise comprising all countries?

Consumers' wholesales need not exclude the participation of Farmers' Co-operative Organisations in the field of producing commodities handled by both types of societies (*e.g.*, fertilisers, agricultural implements, etc.) or such commodities as the raw material of which is to a large extent controlled by Farmers' Co-operative Organisations (*e.g.*, wool tops and woollen yarns).

The paper next dealt with the obstacles, to the establishment of international co-operative enterprises inherent in the present world situation—high tariff walls, quotas, currency restrictions and other barriers. There are also obstacles of a political nature—the unsettled conditions of world affairs and the general unrest after the war, which are, having their repercussions on production and the standard of living, which sustain a feeling of discord and dissatisfaction, thereby increasing the feeling of anxiety. Only increased production can bring about peace and security in the world.

"Countries which isolate their commercial and industrial life behind high trade barriers commit a crime against the interests of humanity", stressed the writer. The citizens of these countries are "protected" from the prosperity that general co-operation between the world countries would give them.

The efforts to remove the excessive barriers to international trade have found their expression in the Charter of the International Trade Organization, drawn up in Havana and signed by 53 countries, representing 93 per cent of world trade. The right of any country to impose tariffs and other barriers should be limited, at least gradually. If this programme of the I.T.O. is realised in practice co-operators will be given the opportunity of building up international undertakings between the national co-operative wholesales that will render mutual service.

The realisation of a co-operative order of international trade would be a strong guarantee of peace. In no other economic system is that possible, as they are built up either on a national basis or else on profit interests. The conflict between buyer and seller cannot be eliminated unless all are joint owners of an undertaking, no matter in which country it is situated.

The Soviet delegate, Mr. Sidorov, criticised the paper. He did not agree that world stability would follow from harnessing and expanding production and consumption. This would only divert the people from their fight against the real causes of imperialistic wars. In the present conditions of monopolistic capitalism, war was the inevitable result. Groups of capitalistic countries would form conflicting camps in fighting for raw materials and in trying to fix spheres of influence for their profit. If countries should give up part of their sovereign rights as regards tariffs etc., it would only be supporting the Marshall Plan which, Mr. Sidorov characterized as a move on the part of the American Government

to have the European countries renounce their rights to dispose of their economic resources and to plan independently their national economies. This would mean the loss of political independence of those countries and the dismembering of Europe and the organization under American leadership of military political block of Western European countries directed against the Soviet Union.

Mr. Gosling, Great Britain, said that the English C.W.S. would not look askance or with surprise upon a proposal for collaboration. In fact several national wholesales had become members of the C.W.S. sharing in its surplus, according to their trade. It showed and would continue to show its willingness to associate in the working of international trading relationships.

Mr. Cluet, France, President of the International Co-operative Trading Agency gave a summary of the efforts which had led to its establishment and said "we should not only discuss this question on a theoretical basis; but should create actual organizations able to compete with the internationally powerful Trusts and Cartels". The co-operative movement should use its very great power to attack the key industries, the heavy and other industries. "We should do all we can to obtain control of resources, as we are now trying to do in the case of petrol."

Mr. Effer, Israel, said that nationally or internationally the influence of the co-operative movement was not strong enough in comparison with the capitalist economic power. Consumers' co-operatives should take the lead in organising international co-operation but in the meantime we should encourage all other forms of co-operation, *e.g.*, transport, workers' productive and agricultural.

Dr. Bonow, Sweden, who had been personally associated with the Havana Trade Conference, defended it. It was an obvious fact that excessive trade restrictions hampered international co-operation. The Charter provided for reducing those restrictions, at the same time taking full account of the possible difficulties in economic and monetary field. The Charter provided for the full use of productive powers of the member countries for the benefit of the world as a whole, raising the incomes of all. The Charter also provided a means of checking the activities of the international cartels through international legislation and supervision. These were weapons which could be most effectively used by the co-operative movement.

Dr. Fauquet, France, and Mr. Taylor, Great Britain, took objection to the conception of Mr. Johansson that international co-operative organisation should consist mainly of consumers' societies with producers' societies in their hands. Both types should be developed with exchange of goods and services between them. Apart from other services, Mr. Taylor said that productive societies in general gave the right of self-expression in industry and made a contribution to Co-operation through the medium of factory and supplied consumers' societies.

The resolution was amended in the light of these remarks and of the appeal of Mr. Barbier, Switzerland, to the same effect,

The amended resolution, which was adopted by the Congress, was as follows:—

"The 17th Congress of the International Co-operative Alliance considering that the co-operative programme implies the conciliation of interests between consumers and producers, and, therefore, a co-ordinated activity between the different types of co-operative enterprises—

Recommends that, in the countries where it is possible, the national co-operative wholesale societies and other national co-operative organisations shall establish joint international enterprises in their different branches of production and trade.

The Congress further recommends the affiliation of the consumer co-operative organisations, of the agricultural and of the artisanal and workers' co-operative associations to the International Trading Agency and to the International Co-operative Petroleum Association.

The Congress greets with satisfaction the beginning of a development towards international trade less restricted and better adapted to the needs of the consumers also towards an expansion of world markets, which is foreshadowed by the adoption of the principles which form the basis of the Charter of the International Trade Organisation by the United Nations Conference on Trade and Employment in Havana, signed by the delegates of 53 nations, representing 90 per cent of the present volume of international trade.

The 17th Congress of the International Co-operative Alliance, which comprises national co-operative organisations with an aggregate membership of 95 million, recommends that the national co-operative organisations should direct all their efforts to influencing the Governments and Legislative Authorities in their respective countries to carry into effect the main principles embodied in the Charter of the International Trade Organisation, with a view to ensuring for the co-operative movement the degree of freedom in international trade which is required for establishing successful joint international co-operative productive and trading enterprises".

CO-OPERATIVE ATTITUDE TO NATIONALISATION

Mr. J. M. Peddie, Great Britain, read a paper on the above subject of which the following is a summary.

He referred to the development of nationalisation in Great Britain from the time of the establishment of the British Post office 300 years ago up to the pre-war period, indicating the hesitant acceptance of Government authority and responsibility for nationalisation.

Following the second world war and with the advent of the Labour Government, a more developed form of Public Corporation came into being as a definite instrument of nationalisation—in accordance with the principle of direct appointment, ministerial responsibility, financial autonomy and administrative freedom. Examples are the Bank of England, the National Coal Board, the Cotton Commission, the New Electricity Authority and the Transport Commission. In all these, provision is made for the appointment by the Minister of Councils representative of various classes of consumers and of the Board concerned. They have an independent existence from the Boards with which they are associated. They do not take executive decisions; their function is to provide a medium for the exchange of information of mutual interest to producer and consumer, to ventilate grievances which, if necessary, they can bring before the Minister.

There is, in Britain, no set form of organisation for nationalised undertakings. The method varies from direct operation by a Government Department to rather loose public control of a privately owned enterprise. There has been, however, a constant striving to find a formula that would combine safeguards for the public interest with flexibility of control, speed of action, business efficiency and freedom from red tape.

The British Co-operative Movement was in favour of nationalisation of land and railways as early as in 1901 and repeatedly advocated it. In 1948, it called for an act of Parliament for the nationalisation of coal mining and electric power. In 1944, railways, shipping, canals and aviation were declared suitable for State ownership and control, and certain utility services were suggested for municipalisation. With regard to certain other industries, State control was advocated through Boards representing consumers.

It was in 1947 that the Congress stressed that in the development of nationalisation the movement had claims for independence. It was not prepared to enter into a suicide pact for the transfer of its services, trade and industry to any National Board or State Corporation. The co-operative movement and socialism should travel parallel paths. It had no intention of merging its economic organisation with that of the State or municipality. Future measures of nationalisation might infringe upon what the British Co-operative Movement has looked upon as its special field of co-operation. It feels that the methods of State control are not suitable to the field covered by co-operative organisation. Where the consumer choice is involved, the advantage of co-operative control is obvious.

There is no inherent conflict between co-operation and nationalisation. The former places greater emphasis upon consumer needs and rights. Some organisational means will have to be found to provide consumer opinion with a much more positive opinion than is

now possible through e.g., the consumers' councils in the present Boards of nationalised industries.

Co-operation has its limitations in some fields of industry, but in its own spheres of operation it certainly provides a superior form of democratic control and evokes greater personal interest and participation than does nationalisation. Every industry presents its own different aspect to nationalisation and every nation has its own historical background and economic environment justifying the development of particular form of collective control. In Eastern European countries, the new economic policies undoubtedly recognise an important functional purpose for the co-operative movement but the State's dominance is implied, and the movement is employed by the State as a tool or instrument within defined limits dictated by State authority.

The British co-operative movement claims full and complete recognition in the new economy; it rejects any suggestion of compromise that would offer some static position of a subordinated and restricted agency. It demands the ability to function and expand, giving the individual the democratic right freely to accept the principle of voluntary association. Such a dynamic function would not weaken but strengthen and give a necessary flexibility to any system of collective economy in which it operates.

Mr. Peddie continued, that there were in nationalisation risks of entanglements of State bureaucracy and in certain cases of remote control of management slipping into economic dictatorship with disastrous results. Any social or economic order, if it was to live in a democratic form and to avoid bureaucracy or worse, had to stimulate the sense of personal freedom, responsibility and participation which was the only free form of democracy. The value of co-operation in this respect was affirmed even in those States which to-day found the necessity for complete and overall planning.

Dr. Bonow, Sweden, was in agreement with the general principles of the paper but wished to delete the reference to 'key industries' which was not a clear conception. It was unwise to draw up too rigid a scheme and to say that key industries should be nationalised. The people of each country should be allowed to have that degree of nationalisation and that sector of co-operation which they wanted according to their plan of reconstruction.

Mr. Cadagon, Great Britain, said that the State should own and control the use of land, transport, mineral wealth, and those fields where it was the function of the State to provide the means of wealth production for its people. Other lines of production should be left to the co-operative movement. Co-operators in Great Britain felt that they could preserve the liberties of the people, reduce the cost of living and bring happiness and comfort to millions.

Mr. Ochab, Poland, said that in Socialist States nationalisation was an expression of the power of the workers and peasants whereas in a capitalist, particularly in an imperialist one, nationalisation would be carried out in the interests of the majority of the bourgeoisie. It was restricted to only a small part of the economic life of the country and often to a part which operated at a deficit. The people's State regarded the co-operative movement as an excellent instrument in the right against speculation, or the raising of the standard of living. It was an excellent school for management and the only form of unifying small scale and rural handicraft production in planned State economy. It was the easiest and safest way for millions of peasants and of craftsmen to join the proletariat in the march towards socialism. Although nationalisation of some branches of industry in a capitalist State was powerless in facing economic crisis, it should be encouraged by the co-operative movement as a sign of progress and be extended to cover more fields of activity. British co-operators should liberate themselves from the slavery of bourgeoisie ideology and 'throw away the myth of the co-operative Commonwealth.' He proposed a resolution all in favour of nationalisation.

Mr. Castagno, Italy, said that it was hopeless to undertake the defence of the consumer, if the means of production and distribution were not organised in a socialist way,

Another delegate from U.S.S.R. said that Mr. Peddie advocated a peaceful and gradual transition to socialism by development of co-operative form of economy in industry and trade, while Soviet co-operators wanted the overthrow of the possessing class to build up socialism. Co-operative socialism would divert the working class from their real revolutionary task. In the Soviet State Co-operation collaborated without any infringement of its liberty.

Mr. Peddie, in reply, denied that British nationalisation was done in the interests of the bourgeoisie, that the British co-operative movement was not able to meet the economic crisis, and said that the movement had grown stronger and was really independent and gave the people the right to free self-expression. Although in certain fields, nationalisation had undoubted advantages, Co-operation had a part to play in the fields where consumer preference and contact were important. It was absolutely necessary if there should be a sound democracy based on the true will of the people recognising the fundamental human rights of the individual within the State.

Mr. Peddie moved the following resolution and it was adopted by a majority.

"The 17th Congress of the International Co-operative Alliance, expresses its opinion that nationalisation does not by its universal application provide an answer to the problem of collective ownership and control, but must be judged by the ends which it sets out to accomplish and by the extent to which the methods employed are likely to achieve the social and economic objectives implied in a democratic conception of collective control of industry.

Such control should aim, in the main, at preventing the pursuit of private profit from conflicting with public interest, at creating a higher and more stable standard of life for the whole community, at ensuring the rational development of the nation's resources and the maximum economic benefit from large-scale operation and, generally, at securing an extension of the principle of democracy into the economic field.

The Congress is of the opinion that every nation has its own historical background and economic environment that would justify the development of its own particular form of collective control. The claim for defined fields of co-operative and State action in many countries has its justification in the conviction of co-operators, confirmed by co-operative practice, that Co-operation, having its basis in voluntary efforts, makes a special contribution to democracy which can find no substitute in the inherent compulsions of State action. Whilst nationalisation and Co-operation have complementary functions, it has been shown that, in those industries and services which cater directly for the individual consumer, and where personal preference and taste are important, Co-operation provides a method of operation superior to nationalisation.

In countries in which national economics are founded on the conception of an overall State planning, competition between State trading organisations and voluntary Co-operation has proved to be without deleterious effects upon such planning, and the maintenance and expansion of voluntary Co-operation has been urged as a means of stimulating the efficiency of the national economy.

The Congress, therefore, on behalf of the co-operative movement, claims full and complete recognition of voluntary Co-operation in the new collective economy; it rejects any suggestion of compromise that would offer to Co-operation some static position of sub-ordinate or restricted form and enterprise; and demands for Co-operation the ability to function and expand, thus giving to the individual the democratic right to freely accept the principle of voluntary association. Such a dynamic function on the part of the co-operative movement would not weaken, but, on the contrary, would strengthen and give the necessary flexibility to any system of collective economy in which it might operate."

PEACE

"The 17th Congress of the I.C.A. emphasises anew that the strivings for the maintenance of a lasting peace are indissolubly inherent in the co-operative movement, which has been making steady progress since the last Congress, and unites ever-growing numbers of the broad masses of people in all continents.

- The Congress strongly stresses that it is the duty of Co-operation, in the present international situation even more than previously to work for peace with all resources and energies at its disposal, make all contributions necessary for reconciliation and understanding between the peoples of the world, and unite in an unbreakable front against all forces active in weakening the foundations of a lasting peace.
- The Congress recommends the national organisations to strain their efforts to make the activities of the United Nations Organisation known to the fullest extent in all countries, and to bring pressure to bear on their governments to make their contributions towards bringing them into full effect.
- The promotion of peace has been the task of Co-operation from its first origins and has found its expression in all its principles, its objectives and its activities.
- The Congress urgently appeals to the co-operators of the world to raise their voices in the defence of peace, free progressive development of the co-operative movement, independence of nations and close collaboration between all peoples.
- The Congress calls all national co-operative organisations to celebrate the traditional International Co-operative Day by mass meetings in their respective countries in support of peace and democracy and the raising of the standard of living of the toilers, and recommends them to take up the fight for peace in collaboration with trade unions and other democratic organisations."

Mr. Brot, France, in moving the Resolution, stressed that it had been the custom at all the Congresses of the I.C.A. to pass a Resolution in favour of peace. Our hopes had not been exhausted, although we had witnessed two terrible wars. The Alliance could now do more than just pray for peace, particularly through the United Nations, where the Alliance had a voice. The Resolution was adopted unanimously.

DATE AND PLACE OF THE NEXT CONGRESS

The President announced that invitations for the next Congress had been received from Italy, India and Denmark.

Pro. Kaji, India, speaking on behalf of the Indian co-operators, stressed that all the sessions of the Congress had hitherto been held in Europe, and that it was time that the Alliance gained true international stature by meeting at least once in the East. The holding of the Congress in India would be a very great step towards the promotion of Co-operation there. India, he stressed, was an ancient land, a land of ancient glories, also a land of future promise. If the Indian invitation was accepted, the pace of Indian progress would be quickened.

The President stated that it had been customary for the invitations to Congress to be referred to the Central Committee, who after investigating the facilities, decided which invitation to accept. He recommended the Congress to accept that course. The Congress agreed.

The President, in his concluding speech, first thanked the hosts of the Congress, for their excellent hospitality. The delegates to the Congress, he hoped, when reaching their homes safely, would feel the better for their visit and more encouraged to continue their work on behalf of International Co-operation and of the national movements they had been representing.

THE NEW PRESIDENT

The retiring President then introduced the New President of the Alliance, Mr. T. H. Gill, as one who had throughout the whole of his life served the cause of the working people as a leader in the British Trade Union Movement, as a Labour Member of the British Parliament, and as a Director of the Co-operative Wholesale Society. He wished him every success in the new labours which he was to perform, and he had the fullest possible confidence that he would earn the confidence of the Organisations represented at the Congress.

Mr. T. H. Gill assured the Congress that it would be his desire in his position as President of the Alliance to give of his best.

CO-OPERATIVE PRESS COMMENTS ON THE CONGRESS

"It may seem that very little of a tangible character has emerged from the four days gathering. There were fears before the Congress took place that Prague would see a definite break between the Eastern and Western nations. It seemed as if these fears would be realised on the first afternoon of the Congress, when the Russians sent up to the platform speaker after speaker to read long propaganda speeches which had nothing to do with the Report. The firm action of the President, who regretted what he assumed to be an attempt to wreck the conference, and who declined to allow a translation to continue when he realised that the speech did not deal with matters under discussion, checked these tactics, and the atmosphere of the Congress became less tense.

But the division between the views of East and West remained throughout the Congress, although on every issue on which the East opposed the West, and there were only two major resolutions (housing and peace) on which there was no division, the voting power remained with the West. It was depressing to see, however, that whenever a vote was demanded the whole of the Eastern countries, supported by the left wing Italian Group, followed, without question, the Russian lead. Each time the voting showed a solid block of 400 odd votes for the East and 500 odd votes for the West. This is a policy which can only end in deadlock. However, there was no definite break and the Russians did not walk out, or stay away (as the Russian women did from the International Women's Guild Conference). So, although the link may have been weakened, it still holds, and while it holds, there is hope.

In spite of the irritating repetitions of the phrases, 'warmongers and imperialists', used by the Eastern delegations against the West and the equally irritating (and untrue) suggestion in almost all the Eastern speeches that only the Eastern countries in the Russian orbit were striving for peace, the Western delegations refused to disrupt the conference by counter attacks, except for the outburst by Mr. T. H. Gill. The opinions he expressed were unanimously supported by the Western delegates, especially when he declared that he was ready to extend the hand of friendship and good-will, but that the campaign of slandering and lying would not bring peace and friendship."

—*Co-operative News*, Manchester.

"It would be foolish, however to imagine that all is well on the international co-operative front. There are serious problems to be faced, and one of them is to recognise that in the world there are two schools of co-operative thought. In Britain, France, and the Scandinavian countries supported by National Co-operative Movements west of Czechoslovakia, there is a desire to hold fast to the principles of Rochdale. We stand firmly on the principle that the Co-operative Movement, in its distributive and productive field, should retain its voluntarism. We are against State control or State direction of the Movement and do not admit the right of the State to determine the boundaries of co-operative business. In Russia, and her satellite countries, among which Czechoslovakia must now be numbered, the Co-operative Movement is simply an instrument of State policy. It has no real freedom to go its own way in the people's interest.

Despite its differences and conflicting ideologies the Prague Congress was not a failure. It showed with the present day world that Co-operation, in practice, can disprove the old tag: 'East is East and West is West and never the twain shall meet'."

—*Scottish Co-operator*, Glasgow.

"There has been plenty of robust talking, for the shadow of East-West diplomatic tension lay heavily over the Congress. Prague has made the I.C.A. into about the most significant and hopeful international body in the world, for co-operators have proved in the worst conditions that could exist short of war that it is still possible for the peoples of East and West to work together and to disagree without breaking apart. The peace declaration was one of only two resolutions to be supported by the whole Congress (the other was on housing).

The delegates had travelled through some rough waters before they reached this unanimity, for two sharply contrasting points of view on the role of the Co-ops in the modern world were clashing throughout the Congress. The Slav countries maintained in amendments to nearly every resolution that the job of the Co-ops is to throw themselves into the 'struggle against facism in all its forms and manifestations,' to ally themselves with the W.F.T.U., and similar bodies, and to resist 'the yearning of some States for world supremacy'. They maintained that the Co-operative Movement could only fulfil its main purposes by working for the establishment of complete socialism and that it was wrong for the Co-ops to claim that in a Socialist State their Movement should have a large degree of freedom and independence. But the majority of the Congress stuck to the co-operative international tradition of political neutrality (although of course, different National Movements, as in Britain, are active in national politics)."

—*Reynolds News*.

"The East and West have now entirely different opinions about the task of Co-operation and its position in the life of society. On one side is a Co-operative Movement which is incorporated into a totalitarian State socialistic, planned economy, and which has greatly limited possibilities for practical economic collaboration externally, but which, however, may play an important role in these countries as an independent, free and voluntary movement in strong competition with private trade and industry: a movement in which one considers nationalisation and State control from the point of view of its suitability and effectiveness in each separate case."

—Swedish Paper 'VI' 16th Oct. 1948.

"It was not an easy Congress. I have before me a red pencil note which I hurriedly made in my notebook towards the end of the first Session—'A sudden realisation of the almighty power of unreasonableness.' The loud speakers, screaming almost without a break in Russian and Polish, deafened the meeting by their roar and rhythm. The syllables rattled, from the mouths of the loud speakers like machine-gun bullets, as if everything depended on riddling the target in the five minutes allowed to each speaker, and this target was the large Congress Hall. Equally wild, terrifying, and irrepressible was the roar of applause."

And yet, it was an admirable Congress. Just as I remember the first scenes, so I remember many others on which I could have made a note of the almighty power of human contact when it was a question of clearing up misunderstandings."

—'La Co-operation' 16th Oct. 1948.

"The popular weekly journal of the Swiss Co-operative Union (V.S.K.), Ch. H. Barbier."

"The Congress of the I.C.A., are always of great interest. They enable delegates to study from the international standpoint the problems which face co-operators in every country, and to devise means and ways for the establishment of joint organisations of production and distribution in the interests of consumers. One can feel the currents of thought which shake the world, and which are particularly agitated at the present time . . ."

—"Le Co-opérateur" Paris 15th Oct. 1948.

"All delegates had scripts. Their addresses were not always concerned with the subject under discussion, but this did not matter; what mattered was to impress again and again the representatives from the capitalist countries."

This method was more spectacular still at the I.C.A. Congress. The two galleries were filled with visitors, most of them young people. They formed a perfect accompanying chorus. Whenever the President called to the platform a Russian delegate or a 'comrade' from a 'popular' democracy, the name was frantically hailed. And these waves of applause caught on with the main audience."

—"La Wallonie" Liege.

"We do not think that the 17th Congress of the I.C.A. can be listed among the good Congresses of the Co-operative Movement. It was not a co-operative world that many of the delegates had come to defend at Prague, but an ideology which clashes with the very essence of co-operation.

In many instances there remains nothing of Co-operation in what is being done in the East, where co operatives are more often than not transformed into administrative organs of the State."

—"Le Co-operateur, Brussels, Oct. 1948."

"From all the proposals made at the Congress it can be seen that the Russians, Czechs, etc., wish to use the I.C.A., as a political instrument. The Co-operative Movements in the countries of the Eastern bloc are developing very rapidly under State direction, and this makes the possibility of an Eastern majority very evident.

The I.C.A., may well have to face considerable difficulties in the next Congress which will be held in 1951. It will require great exertions and great patience to steer our fine organisation, which is still one of the biggest world organisations, into quiet waters."

—Co-op., Rotterdam, October, 1948.

"The report concludes :—The mobilisation of the fighting capacity of the Eastern co-operative bloc as one of the characteristic traits of the Prague Congress. The consequence is that, now the ideological struggle inside the I.C.A., has begun, nobody can predict to-day how it will end; but that it holds certain dangers for the inner and outer stability of the I.C.A., the Prague Congress has clearly demonstrated."

—Konsunigenossenschaftliche Rundschau, Hamburg, 31st October 1948.

"It would be wrong not to recognise that the Congress had some noteworthy positive aspects. Amongst other things, it must be recognised as an important fact that at the end of its work the Congress should have adopted unanimously a peace resolution, the result of the amalgamation into a single text of the British proposal and a draft proposed by the Soviet delegation. Thanks to this vote World Co-operation has given itself a fighting platform of great universal interest.

—"La Co-operazioni Italiana"

"The Congress has demonstrated that co-operative collaboration will continue stronger than ever, and that Co-operation will maintain its fight for lasting peace with a new spirit as shown by the unanimous approval of the Peace Resolution. Different—opinions were stated at the Congress, but in an amicable spirit, so that the I.C.A., will remain an Organisation of International Co-operation. It has been proved that the nations are united one with another and that the I.C.A., although over fifty years old, is still very much alive."

—"Druzstevni Vestnik." A. Zimhal, President of the Council.

"A bridge of peace had been built between East and West at the recent meeting of the International Co-operative Alliance in Prague. While acknowledging that the bridge was frail and shaky, Cowden pointed out that the fact that it could be built at all, was a tribute to the practicability of the co-operative ideal."

—A. Cowden, Vice-President of the Co-operative League of U.S.A.

Leader of the American Delegation to the Prague Congress in *Co-operative News Service*.

CO-OPERATIVE CONFERENCES AND MEETINGS

THE XXXV MYSORE PROVINCIAL CO-OPERATIVE CONFERENCE

Held at Shimoga on 24th December 1948

**Extracts from the Inaugural Address delivered by Sri. H. Siddiah, B.A., LL.B.,
Minister for Revenue and Public Works in Mysore :**

Object of Conference:— It is in the fitness of things that in such conferences as this, we should compare our experiences and consider the steps necessary for promoting the movement on safe lines. A conference like this, I am sure, will focus experience, elucidate matters of doubt and give a fresh fillip to the movement. As Minister in-charge of Co-operation and Marketing, I assure you that our Government would be interested in the decisions that you would be taking at this conference and would do all it can to remove the difficulties in your way and to help you in furtherance of your plan of developments.

Progress:— The movement which was at first a credit movement has been called upon to undertake a large number of new activities presenting problems of varied interest and complexity. With the advent of War, the producers' and the consumers' co-operative societies have begun to play a prominent part. There are at present about 50 producers' marketing societies and about 500 consumers' societies. The organisation of producers' societies for important commodities, like arecanuts, cotton, cardamoms, cocoanuts and copra, potatoes and onions, groundnuts, (paddy and ragi after removal of the controls) affords scope for further development. Similarly, the development of store societies gives scope to cater to the needs of the consumers both in urban and rural areas.

One other important noticeable feature is the impetus given to societies by the introduction of control measures. Six hundred societies have been licensed to deal in mill made cloth. A few societies have also been granted the wholesale dealers' licences. Some of the societies are also dealing in iron and steel, agricultural implements, cement, paper, manure, soaps, match boxes, coffee seeds, etc. They are serving as a useful link between the producers and consumers avoiding as far as possible the middlemen.

Multi-purpose Societies :— With the development of marketing societies, the need for linking credit with marketing has gained importance and it is felt that controlled credit or in other words, development of multi-purpose activities seems to be the only panacea for the present-day evils. If the co-operative movement should be a live force in the economic regeneration and social uplift of the masses, it is necessary to organise multi-purpose societies at the rate of one for each *hobli* and thus consolidate the movement by bringing all the villagers within the fold. Their main function should be to provide credit for current needs of the raiyat, to help him by supplying improved varieties of seeds, fertilisers and implements and to make arrangements for marketing his produce, to arrange for supply of all articles of domestic consumption, to supply raw materials for introducing subsidiary cottage industries and in short, to do everything conducive to the material well-being and moral uplift of the masses. I am aware that some of the societies in the State have already made a good beginning in this direction. The Registrar has submitted a scheme to the Government for organising multi-purpose societies throughout the State which also provides for free grants for construction of godowns, etc. The scheme is under active consideration of the Government. I hope that when the scheme is sanctioned, it will go a long way to raise the standard of living of the common man.

Cottage Industries :— The question of organisation of industries on co-operative basis requires the careful consideration of the Department. I am aware that some attempts have been made for developing indigenous industries on co-operative

basis, such as weaving, brass-ware, lacquer-ware, leather industry, perfumery, mat-weaving, basket-making, bee-keeping, poultry-farming, metalloid slates and gota manufacture, egg marketing, etc. But there is great scope for starting such subsidiary industries for the benefit of the agriculturist so that he may utilise the enforced leisure. I understand that cottage industries in Madras Province and elsewhere have made remarkable progress under the guidance and control of the Registrar of Co-operative Societies. There is a consensus of opinion that the development of major industries should be given to the Director of Industries and Commerce and the cottage industries should be made a separate organisation under the guidance of the Registrar.

Land Mortgage Scheme :—The land mortgage scheme which was inaugurated in the year 1929 has gained momentum from year to year and it is now in operation throughout the State. Eighty primary co-operative societies are affiliated to the Mysore Central Co-operative Land Mortgage Bank. There is vast scope for bringing more members within the beneficial effects of this scheme. The amount of loans so far advanced to them is only about Rs. 60 lakhs. In Madras, the Central Co-operative Land Mortgage Bank has, since its inception, advanced loans to the tune of over Rs. 3 crores. As the primary object of the movement is to extricate the indebted agriculturist from the clutches of the usurers, the finances of the Land Mortgage Bank require to be strengthened and placed on better financial footing. Unfortunately, the response from the public for the investment of their moneys in the debentures floated by the Bank has not been adequate even though there is enough guarantee of the State for the repayment of their moneys. The activities of the Bank have therefore practically come to a stand-still in the absence of adequate resources. Ways and means have therefore to be devised for increasing the capital of the Bank with a view to afford facilities for the quick grant of loans to the indebted agriculturists in rural parts.

Women's Societies :—I am glad that the women's co-operative societies which were hitherto in the back ground have now been resuscitated on account of the active steps taken by the Department. Incentive has also been offered by way of grants by the Government to ladies' co-operative societies at all district headquarters.

Co-operative Propaganda and Education :—No doubt, the scope for development of co-operative movement is very great at present. But its success rests with the people and with the progress of co-operative education among the members and the adequacy of well educated and well trained machinery for guidance, supervision and control. In other words, I lay emphasis on co-operative education, co-operative propaganda and publicity. For this purpose, the Government have already sanctioned grants to the extent of Rs. 5,000 per annum for a period of three years. To run the institutes successfully, adequate finance is necessary.

A lead has been given by the Minister in-charge of Co-operation, Bombay, by creating Propaganda and Education Fund and a statutory provision has been made to enable the societies to subscribe a portion of their profits towards this fund. I trust that example will be followed here and Government would be ready to subscribe equal amount to what the societies collect. The necessity for appointing an officer of the Department as Chief Propaganda Officer as in the United Provinces is under the consideration of the Government. I am glad to note that under the auspices of the Mysore Co-operative Institute, branches of the Institute have been organised at district headquarters and that co-operative conferences in each district were held during the year and in some places in taluk headquarters also, in order to bring home the beneficial effects of the co-operative movement to rural folk. This augurs well and I hope that in future, co-operative conferences at each taluk headquarters also would be organised and the societies in the interior parts also would take part in the deliberations of such conferences. These

measures are calculated to bring as many people as possible within the fold of the co-operative movement. It is hoped that the Propaganda Institute and its branches will not only undertake systematic organisation of classes and give training to employees of all societies, but also to carry on propaganda by printing pamphlets, arranging for visual instructions, running Kannada Daily on Co-operation, and such other methods and advance the cause of Co-operation.

The Mysore Co-operative Societies Act has been recently amended and consolidated with a view to bring it on par with similar Acts in Madras, Bombay and other Provinces. Under the Provisions of the new Act, the Department has been entrusted with the execution of decrees obtained by co-operative societies. There are other changes also introduced in the new Act in order to exercise better supervision over the working of co-operative societies. Hitherto, delays in regard to the execution of decrees obtained by co-operative societies which was an unhappy feature, will, I hope, be avoided and suitable steps taken to reduce the heavy pendency of decrees remaining unsatisfied.

Regulated Markets :—I have seen a list of subjects which you will be discussing to-day and to-morrow and I am glad to find that you have included, among other subjects, the question of establishment of Regulated Markets and starting branches of the Co-operative Apex Bank and the Mysore Provincial Marketing Co-operative Society. The establishment of Regulated Markets in all important trading centres will really be a boon to the agriculturists and it will secure to the cultivator better prices, fairer weightment and freedom from illegal deductions. The Markets Act though enacted in the year 1939 was, however, not given effect to until the present Ministry assumed office. The Government have sanctioned the establishment of Regulated Markets at Davangere and Tiptur at estimated costs of Rs. 36 lakhs and Rs. 28½ lakhs, respectively.

Licensed Warehouses :—It is a happy sign that we are soon going to have an enactment for the establishment of licensed warehouses as in Bombay, Madras, Travancore and the Punjab. The Bill has two-fold object, first of providing godown accommodation for agricultural produce and secondly, which is the more important one, of mobilising and strengthening the credit resources of the agricultural community.

Agricultural Co-operative Farming :—Starting of agricultural farming on co-operative basis is under the active consideration of the Government. Attempts have already been made at Nitkal in Malvalli Taluk and schemes are afoot for starting similar farms in some villages in Hunsur and Holalkere Taluks. It is under the contemplation of the Government to pass legislative measures in respect of co-operative farming in the State.

Societies for Refugees :—The Department is actively considering the organisation of multi-purpose societies for refugees of Sind and the Punjab.

In conclusion, I say that there is no movement higher and more worthy of your attention than this one of Co-operation. I feel that in order to improve the village community as a whole, there should at least be one society for every village which contains a population of 500 and above, so that they could train themselves in the habit of business and management of their own affairs.

I appeal to all co-operators to intensify their efforts for the spreading of Co-operation among the rural folk in particular. There is a great need for a large body of people imbued with a missionary spirit of service. I trust both official and non-official co-operators would give the necessary lead to make the movement a big success.

GENERAL MEETING OF THE ASSAM CO-OPERATIVE APEX BANK

*(Held on 20th October 1948.)***Extracts from the opening Speech of the Hon'ble Premier:**

You know the main object of Co-operation. In this world of today two ideologies are trying to find expression and action in different countries—one in which the States assume the entire responsibility and want to carry out their programme of work by a totalitarian method. The second ideology is one in which individualism is respected and the work done for the good of the society is done collectively in co-operation between the State and the people. In this case the individual is not lost in the State. The individual maintains his individuality, but subordinates his interests for the greater good and larger interest of the society. We, particularly, who believe in Gandhiji's ideology, believe that human good can be achieved only through collective efforts based on the principles of co-operation, equality and justice. We believe that the aim of all schemes of Government should be the good of all and not the benefit of a few individuals. It is on such clear understanding of principles that the Government of Assam are going to launch their big schemes of development.

Real Co-operation cannot thrive in a system of society where an individual or a group of individuals are exploited by another individual or group of individuals. In a state of society where selfishness predominates and where each person cares for the satisfaction of his own wants only and at the expense of others if necessary, there is no scope for co-operation. Co-operative methods succeed only in that society which is founded on high moral standards—where every one is willing to help each other.

The aim of Co-operation is to shield the weak against the strong adversary by pooling the resources of the co-operators. The resources thus pooled are employed for producing more wealth on the understanding that this will be equally distributed. Equitable distribution is therefore a fundamental principle of Co-operation. Now then, Government have embarked upon this great venture of establishing the Co-operative Apex Bank keeping in view these principles.

You might have heard that the Government of Assam have decided to take up procurement and distribution of cloth and yarn on a co-operative basis. We met with some criticisms for taking this decision. Some were of opinion that the people who were normally engaged in textile trade would be badly affected.

It is not our intention to put anybody to difficulty. Everyone is welcome into this vast field of Co-operation and in our schemes of things there is room for the trader to come in as an individual co-operator. Besides there are other avenues open to him. We only want that the common interest must not be subordinated to individual interest. And for this reason we want that this textile business should be done through co-operatives. We are going to open this Bank to finance the co-operative societies. Our Bank will offer further opportunities to traders for profitable investments.

Government will subscribe Rs 2½ crores of the total of Rs 3½ crores for the shares of this bank. They will guarantee interest on debentures. It will, therefore, be seen that the investors will be doubly assured. They will also be assured that the venture will never fail. I hope that the principle of Co-operation will be better studied by the people of this Province. We are proposing to have a holiday on the 6th of November next which is the International Co-operative Day and the ensuing week will be a "Co-operative Week". Meetings will be held in the different parts of the Province to explain to the people the principles of Co-operation and also to seek their co-operation for our plans.

WEAVERS' CO-OPERATIVE OPENS OWN DYE-HOUSE

The opening ceremony of the dye-house of the Provincial Weavers' Society, Nagpur was performed by the Hon'ble R. K. Patil, Minister for Food, Agriculture and Co-operation, on the evening of Nov. 13, 1948.

Extracts from the speech delivered by the Officer-in-charge of the Society :

After going through various vicissitudes the Provincial Weavers' Co-operatives Nagpur, agreed to purchase the dye-house with the ancillary outfit of dyeing, belonging to M/S. Haji Karim Noor Mohamed, situated in Parwarpura, Itwara, for a sum of Rs. 75,000. This acquisition of a dye-house for the Provincial Society, has its own back-ground and a fairly old history behind it. The scheme to have a dye-house of its own by the Provincial Society was mooted as far back as March 1944 by its then President wherein it was contemplated to dye the yarn and silk supplied to the primaries in the central organisation's own dye-house ; and the Provincial Government was pleased to approve the general principles laid down in this scheme in its memorandum dated 21-6-44 of the Commerce and Industry Department. Necessity of a co-operative dye-house for the Provincial society was again stressed in the address given to the late Sir Aziz-ul-Huq—the then Commerce Member to the Government of India—in the year 1945 on the occasion of the first meeting of the All India Hand—loom Board held at Nagpur. In January, 1946, the Provincial Society put in applications to the Deputy Commissioner and the Improvement Trust, Nagpur, for allotment of a plot of about 4,000 square feet in size for construction of a dye-house and a godown. A reference on the subject of the establishment of a dye-house was also made to the Secretary, Development Department in August 1945 and January '46 ; and finally, the item of the establishment of a co-operative dye-house for the Provincial Weavers' Society was included in the Government's Post-war Re-construction Scheme initiated in 1946, for the promotion of the hand-loom weavers' industry. For the establishment of our own dye-house the Government has been pleased to give us a loan of Rs. 25,000. The establishment of co-operative dye-houses in the country has been the demand'', as far as I am aware, of the All India Weavers' Congress as well. In fact, as far back as 1946, the Provincial Weavers' Society in the Madras Presidency was running its own five dye factories. Thus, all these factors clearly and convincingly go to indicate how essential and imperative it became for the Provincial Society to have its own dye-house without further delay ; and more so as not to allow the advantages particularly available in the de-control period of yarn to slip by.

The plinth area of the building is 5,118 square feet. There are 21 Korvan Vats (Wells) of 30 years standing in the dye-house, used for dyeing yarn in indigo colour, along with some other special varieties of colour ; and the number of furnaces of brick and mortar containing iron cases is six. The dye-house has a capacity for dyeing five bales per day, on an average ; and taking the number of working days in a month to be 26, the total number of bales, that can be dyed in a month in the dye house is 130 bales, when the dye-house gets to start working to its full capacity.

With the help of the Textile Expert to the Government and the dyeing demonstrator attached to his office, we have started and hope to maintain the standard of our dyeing at a high and efficient level—at rates which would compare favourably with the existing market rates. While our attempt would no doubt be to carry on the working of this branch of our activity with the minimum of expenditure and staff—particularly in the initial stages—we shall strain every nerve so as not to impair efficiency in the least. We will maintain accounts of the dyeing department on a distinct and separate footing, and we are sanguine that given the

necessary time, continuity of opportunity and free and unfettered management, we would be able to recoup atleast half the capital cost of investment over the dye-house, at the end of the very first year of its working.

With these few words, I now request you, Hon'ble Sir, on behalf of the Provincial Weavers' Society to declare open the dye-house so as to enable its start with effect from to-day, on this auspicious occasion of "Dwadashi" after Diwali. We also take this opportunity of thanking you sincerely for the keen interest evinced by your good self throughout the tortuous windings in the path of negotiations for the purchase of the dye-house. Needless to add that without your sympathy and co-operation we would not have been able to complete the picture of our central apex institution in the cause of the hand-loom weavers of the province—for it is admitted on all hands that the adjunct of a dyehouse is a sine-qua-non for the successful working of a big and well organised central agency for distribution of yarn ; and which has also its own manufacturing section.

Extracts from the Speech of the Hon'ble Mr. R. K. Patil.

"Sink your individual interests in the larger interests of the weaver community and stabilize and strengthen the hand-loom industry, which is the biggest cottage industry in the country". He deplored the fissiparous tendencies at present seen all over the country and made a strong appeal to the members to compose their differences and rise above petty personal considerations. Sri Patil further said that he would have felt happier, if one from among the weavers could have been at the helm of affairs of the Society and could have been available for opening this dye-house, instead of a Minister performing the opening ceremony at the request of the Officer-in-charge.

Mr. Patil, continuing, pointed out that it would make for greater unity and solidarity, if the membership of the society was confined to persons who actually weave. He further added that the weavers in the manufacturing section of the society should be constituted into a separate society of entity entitled to one vote along with other affiliated societies and suggested that the constitution of the Provincial Weavers' Society should be overhauled to that end at the earliest opportunity so as to enable the society to function on a truly democratic basis and truly serve the needs of the poor weavers.

Mr. Patil pointed out how the Provincial Society would have benefited a good deal by now financially, if the dye-house had been purchased six months ago instead of delaying matters due to party differences.

Mr. Patil further went on to observe that the co-operative organization of the weavers would remain incomplete without the establishment of a spinning mill of their own. While giving a brief account of the efforts that were being made to establish a spinning mill, he stated that matters could be speeded up to a much greater extent, if instead of the Officer-in-charge, the managing committee of the Society was in the saddle.

Mr. Patil assured the weavers that the Government had great sympathy for the weavers' cause and had reserved 25,000 spindles for the would-be weavers' own spinning mill. He next impressed on the authorities of the society the need of having the dyeing rates equal to, if not lower than the market rates.

EXTRACTS

SUMMER SCHOOL ON CO-OPERATION IN ORISSA

Government of Orissa have decided to open a Summer School on Co-operation with a view to give some practical training to non-official gentlemen who want to devote their energies to organisation of co-operative societies. It has been decided that the School will be held once every year during the period when schools and colleges remain closed on account of summer vacation. The School will be a rotating school and it will be usually held at such places as Puri, Balasore and Berhampur where the summer sun is not too hot for trainees. Roughly about 100 persons recruited from all over the Province will be trained each year. The main idea in putting them together would be to acquaint them with a disciplined camp-life together for a period of 6 weeks. In addition, lectures will be given on matters connected with the general principles of Co-operation, Co-operative Act and Rules, different kinds of model by-laws, the procedure for organising new societies, the principles involved in the co-operative method and the working of the co-operative institutions in other parts of the world.

Class II Railway fare and Bus fare will be arranged for the gentlemen who want to attend this course. In addition, boarding arrangements will be made at a cost not exceeding Rs. 50 per head per month. The trainees will be put on simple living.

Ordinarily men of good academic qualification should be recruited but in exceptional cases people who have read up to Middle School Standard will be admitted. The School is generally meant for non-official workers and does not aim at making people fit for Government service. Even College Students who want to avail this opportunity will be eligible for admission.

It is hoped that people with a real desire for service to the community will respond to this opportunity of attending to a disciplined camp-life and at the same time of acquiring the necessary training for running such non-profit-making institutions as co-operative societies. It is proposed that the school will be held in the first year at Puri and will begin from 23-5-1949 to 10-7-1949. Arrangements are being made to accommodate trainees in the Puri College Hostel. Lectures will be given in the College building itself. The trainees are expected to abide by the rules and discipline of the Camp. Ordinarily they will be called upon to devote half an hour every morning for physical exercise. After tea and tiffin they will be put in for one hour for productive manual labour, e.g., spinning, gardening, etc. They will have to attend lectures for about 4 hours on Co-operation, and allied subjects. One hour will be set apart for play and recreation. The evening will be devoted to debates and other discussions. In course of the camp they may have to go out twice to some rural areas to study conditions of rural life. Sundays will be treated as holidays and no other leave will be allowed on other days except for genuine reasons.

Candidates applying for the training should fill in the prescribed application form which may be had either from the Registrar or from the nearest Co-operative Office. Each applicant shall have to be sponsored by an M. L. A., District Board Member or some influential local gentleman who should be able to certify that the candidate has genuine interest for social work in public life, that he is likely to stick to the discipline of camp life and to undergo the full course. At the end of the session a certificate will be issued to the trainee showing the fact that he has received the particular training.

It is intended that a continuity of association will be attempted to be maintained between the past and present members of the Summer School by a sort of Union Conference every year. Usually this ceremony will be included in course of

the celebrations of the "International Co-operative Day" and it is intended that there will be an old boys' corner in the Orissa Co-operative Journal both in English and Oriya.

Applications for admission to the School will be received up to 30th April each year. There will be a Selection Committee consisting of the Registrar of Co-operative Societies, Orissa and the Village Welfare Officer who will interview the candidates at convenient centres to decide about their suitability for admission.

The Summer School will be under the direct supervision of a Committee consisting of the following gentlemen :—

- | | | |
|--|----|---------------------------------|
| (1) Hon'ble Sri N. Kanungo, Development Minister | .. | <i>President.</i> |
| (2) Sri J. Mahapatra, Registrar of Co-operative Societies,
Orissa | .. | <i>Secretary.</i> |
| (3) Sri B. B. Banerjee, Village Welfare Officer | | <i>Camp
Superintendent.</i> |

Lectures will be given on the following subjects :—1. How to organise a Society. 2. How to keep accounts of a Society. 3. Structure of Co-operative Movement in Orissa. 4. General exposition of Co-operative Societies Act and Rules. 5. A general discussion on model by-laws. 6. The actual working of the different types of co-operative societies. 7. Principles of Co-operation. 8. Co-operation Abroad. 9. Co-operative Marketing and elimination of the middle-men.

As regards the lectures it is expected that the teachers of the Orissa Co-operative Institute will keep the trainees engaged for about 2 hours every day where they will teach them elements of Co-operative Accounting, Book-keeping and Co-operative Law including Auditing. The remaining 2 hours will be set apart for theoretical lectures by experts and gentlemen of repute from outside. The following gentlemen will be requested to deliver the number of lectures stated against their names in course of the present session :—

Sri J. Mahapatra, Registrar of Co-op. Societies, Orissa : 12 lectures on "Principles of Co-operation, History, Development and present state of Organisation in the Province."

Sri B. B. Banerjee, Village Welfare Officer : 14 lectures on "Introduction of Co-operative and Corporate ideas in village life and Co-operative development of social work."

Sri R. N. Dwivedi, Senior Marketing Officer : 14 lectures on "Co-operation as applied to Agricultural Marketing, with special reference to American conditions."

Sri A. P. Panda, Deputy Registrar of Co-op. Societies : 14 lectures on "Organisation of Cottage Industries on Co-operative Model and prospect for such in Orissa."

Sri G. B. Singh, Director of Veterinary Services, Orissa : 3 lectures on "Co-operation as applied to development of Cattle Wealth, Poultry breeding and Dairying."

Sri R. P. Padhi, Director of Agriculture, Orissa : 3 lectures on "Co-operation as applied to Farming and Agricultural Improvement."

Sri G. N. Mitra, Deputy Director of Fisheries, Orissa : 5 lectures on "Development of Fishery Wealth of Orissa on Co-operative Lines."

Lt-C. B. N. Hajra, Director of Health, Orissa : 5 lectures on "Value of Public Health activities on Co-operative model."

In addition men of outstanding repute will be requested to deliver extra lectures outside the curriculum.

CO-OPERATIVE EXPERIMENTS IN RURAL BANKING

By

N. SATYANARAYANA,

President, Alamuru Co-operative Rural Bank.

India is a land of villages. Ninety per cent of the population live in villages and seventy five per cent of them have agriculture as their occupation. Just as any other industry, agricultural industry requires capital. But the return of capital invested in agricultural industry is always precarious and uncertain as the ryots have to depend entirely for the harvest on the vicissitudes of weather. Twenty-three per cent of the total area is irrigated by canals, tanks and wells, while seventy-seven per cent has to depend upon rains. The cultivators have to borrow constantly and pay high rates of interest on their borrowings as their repayments are always dependant upon favourable monsoon. Annually the ryots have to borrow for their agricultural operations from the local merchants or sowcars. Instead of paying money, the sowcars generally supply seed, manures agricultural implements and other requirements of the ryots and take hold of their produce when it is harvested.

The sowcar in the village plays a triple role so far as the agriculturists are concerned. Firstly, as a money-lender, he lends money at high rates of interest for his agricultural operations and other activities. Secondly, as a shop-keeper, he supplies consumers' goods and other agricultural requirements and thirdly, as a merchant he purchases their produce at lower rates and sells them at a higher price. As a money-lender, as a shop-keeper and as a merchant, he dictates his own terms to the agriculturists. He takes commission at every stage on terms favourable to himself. The ryot has no option. He has to depend entirely for his finances on the sowcar. He must purchase all his requirements and needs from the same person. He has to sell his produce to him alone, as there is no other organised agency in the village to safeguard his interests. So, the agriculturist in the village is almost a bond slave to the sowcar and he cannot get out of his clutches. The sowcar is in an advantageous position in these three transactions and the ryot is helpless and exploited. Hence he is always a debtor to the sowcar. As the veteran co-operator. Mr. Darling, has said "The Indian agriculturist is born in debt, lives in debt, dies in debt, and bequeathes debt." Even though the ryot now and then gets bumper crop, he cannot enjoy the fruits of his labour, as he has to surrender all his crop to the sowcar for the debts he contracted in the years when there was failure of crop. Hence agricultural industry has been always a losing concern—a deficit economy. The ryot lives in a vicious circle. If the ryot is to be saved, he must be rescued from the clutches of the sowcar.

Co-operation is the only hope and salvation of the agriculturists in the world. Raiffeisen, the father of co-operation in Germany, organised a century ago, agricultural banks for the relief of the agriculturists. His example was copied in all the civilised countries in the world and agricultural banks were started for the relief of the agriculturists on Raiffeisen Model.

The Government of India also adopted the Raiffeisen method of co-operation in this country at the beginning of this century and started co-operative societies. During the last four decades co-operative movement spread throughout the country in all provinces under the control of the Government. It had no spontaneous growth as in other countries. It is fostered under the protecting wing of the State. It is nurtured and developed by the departmental officials all along like flowers in a show pot. Hence, it has not taken deep root. It has only a stunted growth. Unless the movement is spread in villages according to the genius of the race, it cannot thrive and develop on right lines. The progress of the movement over the last half a century is not at all encouraging. In the seven lakhs of villages in India, there are at present only one lakh of societies. Out of a population of thirty crores in this country, there are only, seventy lakhs of members in the various co-operative societies. The working capital in several societies is only Rs. 700 crores while the agricultural debt is Rs. 1,200 crores according to the estimate of the Banking Enquiry Committee.

Now the leaders of people are holding the reins of the Provincial and Central Governments. We are no longer under the tutelage of foreign Government but living in Free Country ruled by the representatives of the people. There is immense scope for the future development of co-operative movement for the resuscitation of the village economy under the wise guidance of the leaders of Free India.

The movement must be removed out of the old ruts and a new orientation must be given to foster the movement on right lines. A country-wide campaign must be undertaken for the teaching of the gospel of co-operation. The movement must be started on different lines. Unlimited liability must be removed. When the Co-operative Act was on the anvil of the Imperial Legislature in 1904, the late lamented Gopala Krishna Gokhale voiced forth the opinion of the agriculturists in these strong words, "Unlimited liability is a principle which our ryots in many parts of Rural India can scarcely be able to understand. Insistence on such a principle would keep away from the new societies these very classes whose help and co-operation would be indispensable". These are the prophetic words of a great leader. This is true to-day as it was when these words were uttered. Unlimited liability is an unnatural growth in this soil. To-day the weakest link in the co-operative chain is the unlimited liability society in the village. The majority of the village societies are in a moribund condition and they are in a state of suspended animation.

The economic depression and the slump in agricultural prices (nearly for a decade from 1929 to 1939) brought these societies to the edge of ruin as the ryots lost their repaying capacity and consequently overdues mounted up. The second world war gave a fillip to the agriculturists and the societies are now one by one reviving. It is quite necessary that these should be brought back to gear and put in motion. The weakness of the structure lies in the weakness of the foundation. The first attempt in the programme of rehabilitating rural economy must be the rejuvenation of village co-operative credit society. The present structure of the credit movement in the country is pyramidal with the primary credit

society at the base, the Central Bank at the middle and the Provincial Bank at the apex. Such a structure can be sound and stable only when the village primary society is broad based on solid foundation.

The official policy, one society for one village, is quite unsound and uneconomic. There is a need for reorganisation of societies on a wider basis. There is a distinct advantage in extending the jurisdiction a one village society to more than one village because it is possible to check the factious tendency which is an unfortunate feature of village life to-day. An enlargement of the area will afford societies a wider scope for the selection of proper men to carry on their business efficiently, without caste and communal prejudices and local patriotism. They will be conducive for better supervision than the present disorganised and scattered societies. The big society for a group of villages will have sufficient margin to maintain its own staff out of its own resources. Taking into consideration the above facts, there is need for a comprehensive programme for the expansion of village co-operative societies not by their multiplication in numbers but widening their scope so as to bring in every village. The soundness of the co-operative structure ultimately depends upon the soundness of the village society. Hence instead of the present weak single purpose societies, there must be started multipurpose societies for groups of villages throughout the province comprehending the various aspects of villagelife. The life of an agriculturist is not compartmental. It is a comprehensive whole. He cannot run for finance to one society, for supply of consumer goods to another, for marketing his produce to a third, for his agricultural implements to a fourth, for long term loans to a fifth, for cattle breeding to a sixth, for housing to a seventh, for milk supply to a eighth and so on and so forth. There must be only one society to supply all the basic needs of the agriculturists so that he may not be driven from pillar to post to meet all his requirements. The sowcar in the village is able to meet all his requirements, by giving him finance for his agricultural operations, by supplying him consumers goods all the year round, and by marketing his produce after the harvest. The multipurpose co-operative society must stand exactly in the same position as the village sowcar, to serve all his needs for his benefit but without the motive to exploit him at every turn. The society must be economically strong to maintain itself out of its own resources but not depend upon doles given by Government or any outside agency.

If a net work of societies is organised throughout India on limited liability basis for groups of villages, one society will be enough for 7 villages on the average; one lakh of well trained graduates can be absorbed as secretaries of these Rural Banks. These secretaries can guide the destinies of these villagers as their friends, philosophers and guides and build up rural leadership. There are at present more than one lakh of societies throughout the length and breadth of India but they are not self-supporting. They are scattered countrywide without proper supervision and control. If the present weak societies are reorganised on broad basis covering 7 lakhs of villages they can finance the agricultural industry to the advantage of the ryot, supply him consumers' goods at a cheaper cost and market his produce for better price. The multipurpose

co-operative societies can, not only improve the agricultural industry but also develop cottage industry for the advantage of the ryot. Instead of 70 lakhs of members 7 crores of families can be roped into the co-operative movement to the salvation of one and all in this country. Spinning wheel can be introduced in every home and the dyeing and weaving industry can be revived. These multi-purpose co-operative societies can run also model agricultural farms for joint cultivation and collective farming.

If the co-operative movement is to be popularised on right lines by the National Government, there is every scope for improving the agricultural industry. These multipurpose co-operative institutions can help the ryot for growing more food, for helping the villager to produce more cloth and giving habitation to one and all who come under its protecting wing.

Co-operative societies have developed in Madras Presidency just on the same lines as they are developed in other provinces. This province has 50,000 villages with a population of 5 crores. The movement spread during the last 40 years only to 12,000 villages and the membership in all societies is only 8½ lakhs. Nearly half the number of village societies are working at a loss. The All India Co-operative Planning Committee recommended to the Government that at least 50 per cent of the villages and 30 per cent of the population must be served by co-operative societies under a comprehensive scheme of expansion in the next 15 years. If this object is to be achieved in our province, it will take a century and a half to reach the goal if we are to progress at this rate. The right course for the expansion of the movement is not to thrust the co-operative societies on each village without proper teaching of the principles of co-operation, but extend the operation of the existing societies to wider areas with multipurpose objects. We have already the example of the expansion of the primary Land Mortgage Banks and Marketing Societies in the Province. These societies are organised in convenient centres with proper men to manage and the whole province is covered with a net work of these societies now. Whoever wants to join the societies for their benefit, they are admitted freely and voluntarily without any compulsion or coercion. Hence these societies are progressing independently on right lines serving the needs of the population and they are able to stand on their own legs by maintaining their own staff out of their own funds or through the help of their financing agencies in the early stages. This is not the case with the primary co-operative credit societies in villages. Out of their slender resources and low margin of interest they are unable to maintain their own staff. Honorary workers are not always available to work these societies for all time during all the year round. Any attempt to revive the societies by lending staff from outside will not help their natural growth but leads to dependance on and dictation from outside agency. The present system of one society for one village is tried for nearly half a century and it is found wanting. A new attempt may be made to reorganise the societies on sound lines by widening their area of operation and changing the liability from unlimited to limited and substituting single purpose with multi-purpose objective. This will encourage all classes of people to join

the society without fear or hesitation and these multipurpose objects can be successfully worked by the appointment of trained, competent men as paid staff.

With a view to carryout an experiment successfully an attempt was made at Alamuru in East Godavary by starting on 1-2-1938 a multipurpose society (Rural Bank) for a group of villages. The progress made by this society during the past one decade will reveal the potentialities of the institution in rehabilitating the village life from all aspects.

The primary societies in this area were started in 1919 one for each village after the first world war. From 1919 to 1929, the progress of the societies was very encouraging and honorary workers came forward to work these societies enthusiastically. It was a boom period. There was inflation after the first world war. Prices of foodgrains were high. Land values increased. People borrowed freely and invested large sums on improvement and purchase of land. The Co-operative Societies were registered without proper investigation. Loans were sanctioned by the Provincial Banks and Central Banks merely for the asking. Honorary workers in the villages were jubilant to expand the business of these societies, as honorariums were paid out of profits. But suddenly the country was caught in the grip of a depression from 1929 to 1939. The fall of prices for agricultural commodities was very steep. Land values also fell considerably. The ryots lost their repaying capacity. Most of the loans became overdue and proved doubtful. Further advances from the Central and Provincial Banks were stopped. Half a dozen societies in this area were liquidated. There was scare of unlimited liability, although in none of the societies unlimited liability was enforced. The unrecoverable loans were written off from Bad Debt Reserve of the Central Bank. Honorary workers were not coming forward to shoulder the responsibility of the societies, as the work in the societies was mostly of arbitration, execution and liquidation. All these causes led to the break down of the machinery of credit co-operation not only in this locality but in many parts of the Province during this period of depression.

With a view to resuscitate the movement and give a new orientation, the co-operators in this area approached the then Congress Government in 1938 with a request to register a special type of co-operative society with multi-purpose objects with limited liability for a group of villages. The Hon'ble Mr. V. V. Giri the then Minister-in-charge for co-operation permitted the Registrar of co-operative societies to register a society at Alamuru extending its area of operations to 10 villages within a radius of 5 miles of Alamuru, with the triple object of better farming, better business and better living. The Society was registered on 1-2-38 and it was opened by the then Revenue Minister Hon'ble Sri T. Prakasam Panthulu on 27-2-38.

A decade has already passed and this is a sufficiently long period to survey its work, study its results and form an estimate of the progress of the movement.

The society was registered under the Co-operative Societies Act in the year 1938 with No. 379 as Alamuru Co-operative Rural Bank Ltd., Alamuru. The following are the 12 villages at present within its area of operation,

- | | |
|--------------------|-----------------|
| 1. Alamuru. | 7. Kalvacherla. |
| 2. Chintaluru. | 8. Penikeru. |
| 3. Pedapalla. | 9. Navabupeta. |
| 4. Angara. | 10. Thatapudi. |
| 5. West Khandrika. | 11. Mandapeta. |
| 6. Jonnada. | 12. Vedurumudi. |

All the above villages are within a radius of five miles of Alamuru. They have a population of forty thousand with 20,000 acres of *ayacut*. All the villages are deltaic, fed by the Godavary Eastern Delta canal system. Paddy is the Chief Food Crop. Sugar-cane and Plantain plantations are the commercial crops grown in these villages. Tobacco is raised in the Lanka Land of villages adjoining the River bund. The villages are contiguous with easy means of communications both by roads and canals.

Membership:—There is free admission of members of all castes and communities and of all vocations. Membership is on voluntary basis. Persons are free to join and leave the society at their discretion. But when once a person is admitted as a member, his share-capital cannot be refunded within one year. Minors may also be admitted as members through their legal guardians if they happen to be coparceners and if immovables are offered as pledge to the Bank. A member is admitted on payment of Re. 1 towards share-capital and 1 anna towards entrance fees. Every application for membership is disposed of by the Board of Directors. They have the power to grant admission or refuse it without assigning reasons. This provision is made with a view to reject the application of undesirable persons. Every member must give a pledge at the time of his admission that he will be loyal to the society and promote its objects without showing any distinction of caste, creed or colour but work for promoting thrift, self-help and mutual aid. The liability of a member is limited to the extent of his share-capital only. The society gained popularity in the area and there is a steady increase in membership from year to year which can be seen from the following table:—

Progress of membership.

Year.	Admitted.	Removed.	On the last day of the year.
1937-38	102	7	95
1938-39	146	8*	233
1939-40	287	55	485
1940-41	741	90	1,275
1941-42	465	215	1,525
1942-43	588	226	1,887
1943-44	162	151	1,898
1944-45	224	80	2,942
1945-46	632	119	2,555
1946-47	442	45	2,952
1947-48	617	40	3,529
(Up to 31-12-48)			3,749

Membership—Villagewar.

Alamuru	920	Thatapudi	267
Chintaluru	186	Pedapalla	240
Mandapeta	126	Kalvacherla	28
Navabupeta	167	Vedurumudi	212
Mulastanam	209	West-khandrika	451
Jonnada	314	Angara	465
Penikeru	164		

There are 3,749 members by the end of December, 1948, *i.e.*, by the end of half-year 1948-49. Of these, 3,083 are males and 666 are females. Ladies are freely admitted in the society and most of the women are from the field labour classes. They are joining the society for purchase of foodgrains and cloth. They make repayments in the transplantation and harvesting seasons by purchasing thrift labels and making payments out of their savings. Generally the loans to these members do not exceed more than Rs. 20 in the year.

Of the 3,749 members :—

Brahmins	...	300	Native Christians	...	42
Kammas	...	285	Mohammadans	...	33
Kapus	...	396	Harijans	...	1,684
Settibiljis	...	535	Other castes	...	433
Reddis	...	41			

The single majority community is Harijans. The next majority community is Settibiljis. Both Harijans and Settibiljis are landless labourers.

Membership according to occupation.

Agriculturists	3,302
Non-agriculturists	309
Mixed	138

Out of 3,302 agriculturists :—

Non-cultivating landholders	339
Cultivating landholders	364
Tenants	287
Field labourers	2,312

The large expansion of membership is due to admission of landless agricultural labourers. Separate societies were organised for the agricultural labourers but they were not adequately financed and most of the Field Labour Co-operative Societies in this locality are in a moribund condition. Ninety nine percent of these labourers are illiterates. With a view to improve the economic condition of the lowest strata living in villages, the Rural Bank is admitting these members freely without segregating them by starting separate societies. Not only the economic condition is improved

but their social status is raised by the association with the other members of the Bank. One man one vote is the rule of co-operation. Hence, there is democratic control in the management of the society. Doubts were expressed in several quarters that landless community will not be freely admitted in the limited liability societies and loans will not be sanctioned freely to these members. This is only an erroneous misapprehension. The majority of the members of the society are landless labourers. They are elected to the Board of Management and they take part in the management of the affairs of the society. They are granted loans according to their repaying capacity. Hence all misapprehensions that monied classes only will have admission in limited liability societies is cleared by the large admission of Harijans and other landless labourers in the Bank.

The individual maximum borrowing limit is fixed at Rs. 2,000. The borrowing power of the individual is 10 times the share-capital. Hence, each member can contribute Rs. 200 maximum share-capital. The minimum is only Re. 1. This has given scope for all grades of people to contribute towards share-capital freely without any difficulty. The share-capital must be paid in one lumpsum at the time of borrowing. There are no arrears in share-capital.

Progress of share-capital.

Year.	Received.	Paid.	On the last day of the year. Rs.
1937-38	750	5	745
1938-39	2,472	69	3,148
1939-40	3,737	195	6,690
1940-41	4,416	976	12,068
1941-42	2,987	1,827	13,228
1942-43	2,560	2,692	13,106
1943-44	3,477	1,626	14,957
1944-45	5,898	2,056	18,799
1945-46	12,286	5,094	25,991
1946-47	10,323	2,422	33,892
1947-48	18,936	2,655	50,173
(Up to 31-12-48)	13,813	4,215	59,771

The total share-capital by the end of December 48 is Rs. 59,771. Of this amount, a sum of Rs. 6,050 is invested in the Central Bank at Ramachandrapuram, Rs. 500 in the Reserve Bank, Rs. 50 in the Alamuru Co-operative Stores, Rs. 1,000 in the Madras Provincial Handloom Weavers' Society, Rs. 500 in the Godavari Co-operative Central Stores and Rs. 200 in Government Defence bonds. The total amount invested is Rs. 8,300 and the balance of Rs. 51,471 is utilised in the working capital of the Bank.

Borrowings:—The maximum borrowing limit of the Bank is fixed at 8 times the paid up share-capital plus Reserve Fund,

	Rs.
Reserve Fund	24,056
Paid up share-capital	59,771
	<hr/>
Total	83,827
	8
	<hr/>
M. B. Limit	6,70,616

Deposits:—Since the starting of the Bank, it is managing its business mainly out of its own deposits without borrowing from the Central Bank. But the money market is showing signs of tightness this year. Hence, the Bank has to approach the Central Bank for finance. This Bank is affiliated to the Ramachandrapuram Central Bank and has borrowed to the extent of Rs. 99,999 during this year. The bank is pledging its ever-continuity bonds for obtaining its loans from the Central Bank. It is enjoying a cash-credit accommodation of Rs. 50,000 also from the Central Bank. The society is receiving deposits from all classes of people both members and non-members. Amounts of deposits as on 31-12-48 :—

	Rs
Members' fixed deposits ...	1,21,415
Non-members' fixed deposits ...	1,82,820
	<hr/>
Total ...	3,04,235

Progress of fixed deposits.

Year	Members.	Non-members.	Total. Rs.
1937-38	8,575	1,665	10,240
1938-39	1,000	10,665	11,665
1939-40	—	20,855	20,855
1940-41	2,000	26,227	28,227
1941-42	3,900	31,142	35,042
1942-43	20,200	72,590	92,790
1943-44	23,405	88,050	1,11,455
1944-45	30,600	1,18,650	1,49,250
1945-46	54,130	1,30,355	1,84,485
1946-47	83,055	1,42,265	2,25,320
1947-48	1,21,605	2,19,325	3,40,930
(Up to 31-12-48)	1,21,415	1,82,820	3,04,235

The total working capital consisting of borrowings from members, and non-members, from Central Bank and other seasonal deposits is Rs. 5,00,000.

	Rs.
The maximum borrowing limit is ...	6,70,616
Amount borrowed ...	5,00,000
	<hr/>
Margin ...	1,70,616

Progress of Working Capital.

	Rs.		Rs.
1937-38 ...	16,835	1943-44 ...	1,94,548
1938-39 ...	53,255	1944-45 ...	2,28,503
1939-40 ...	75,960	1945-46 ...	2,81,279
1940-41 ...	1,21,037	1946-47 ...	4,15,169
1941-42 ...	1,18,490	1947-48 ...	5,07,371
1942-43 ...	1,54,132	(Up to 31-12-48)	4,91,770

Doubts were expressed at the starting of the Bank that the society cannot obtain deposits and get loans from the Central Bank since the liability is limited. Members and non-members are depositing their surpluses in the Bank having confidence in its efficient management. Although the society is working in rural area and its liability is only limited, it has gained popularity and confidence among the investing public, as can be seen from the large amounts of deposits received year after year. This will dispell the fear among the doubting co-operators that limited liability societies cannot secure deposits. The urban banks which are limited liability societies, have surplus deposits all over the country. Rural Banks also if properly organised and worked can gain the confidence of the public and attract deposits. Most of the unlimited liability societies in the villages are entirely depending upon the financing bank without attracting any local deposits.

From a close study, it will be seen that the agriculturists are now, owing to inflation, able to save something out of their agricultural incomes. This will be said only in the case of large land-owners *i.e.*, ryots who own more than 10 acres of land. The ordinary self cultivating ryot owning a few acres is still obliged to make a hand to mouth living as both the cost of production and the cost of living have abnormally increased and is not able to save anything. The condition of labourers is a little better as can be seen by their savings which are secured by the Bank by the sale of thrift labels.

Loans :—The Bank has been sanctioning loans to all its members fixing the maximum amount of each according to the repaying capacity of each for various purposes. Land-owners are given cash-credit on first mortgage of unencumbered property on ever continuity bonds up to 50 per cent of the value of their property. As the society is working on limited liability even rich people are freely joining the institution to obtain cash-credit which is given to the extent of Rs. 2,000 being the limit fixed by the Registrar. The Bank has sanctioned such cash-credits to its members to an extent of Rs. 2 lakhs. These cash-credits are freely being used for purchase of seed, cattle and manures and for other temporary purposes whenever the land-owner stands in need of cash. Even small amounts are disbursed and accepted as and when required by the member on the security of ever-continuity bonds without frequent recourse to loan applications. Similar cash-credit has been sanctioned by the financing bank on pledge of ever-continuity bonds to meet the urgent demands of the Rural Bank. Ever since the starting of this bank, the financing bank has been

CO-OPERATIVE EXPERIMENTS IN RURAL BANKING

freely advancing the loans on pledge of ever-continuity bonds after close scrutiny. The limited liability basis of the Rural Bank has never stood in the way of obtaining finance from the Central Bank owing to the introduction of the system of ever-continuity mortgage bonds.

Tenants are given surety loans on the strength of the lease deeds and credit accommodation is freely offered to them for their agricultural operations. Loans are sanctioned to these tenants on pledge of standing crop up to 10 per cent of the estimated value of such standing crop. Artisans and petty traders are given short term loans on surety on condition that they make regular payments to the Bank out of their savings. Landless labourers are given credit for purchase of cloth and rice provided they credit their savings with the Bank by the purchase of thrift labels. Members are also sanctioned joint loans for joint purchase of food stuffs, other domestic requirements as well as of cattle, manure and for other agricultural improvements if a joint loan application is made by not less than five and not more than twenty members. With a view to help the agriculturists to market their produce at favourable time, loans are given on pledge of produce stocked in godowns with proper insurance safeguard.

Loans are also sanctioned on tangible securities for purchase of motor-lorries, buses, machinery such as oil mills and water pumps repayable in not more than 3 to 5 years. Owing to the financial facilities given by the Bank, bus service is opened from Alamuru to Rajahmundry and from Alamuru to Kakinada which are the two centres of trade and public activity in this district.

Loans issued during the half-year classified according to purpose.

Purpose.	No. of loans.	Amount. Rs.
Domestic expenses ...	296	34,009
Cultivation expenses ...	88	32,188
For clearing		
Petty debts ...	76	52,182
Petty Trade ...	72	84,276
Construction of and Repairs		
to Houses ...	25	21,359
Purchase of land ...	23	34,620
Medical Aid ...	2	150
Purchase of cattle ...	20	5,285
Artisans appliances ...	1	120
For education ...	1	100
	604	2,64,239

PROGRESS OF LOANS.

Particulars.	1937-38		1938-39		1939-40		1940-41		1941-42	
	No. Amount.	Rs.	No. Amount.	Rs.	No. Amount.	Rs.	No. Amount.	Rs.	No. Amount.	Rs.
1. Crop and Produce	60	6,336	62	10,183	66	7,796	44	81,356
2. Gold loans	137	17,243	50	6,992	20	1,994	...	...
3. Mortgage loans	119	28,657	332	55,276	528	72,991	580	65,793
4. Surety and Joint loans	14	1,044	754	13,153	787	18,459
5. Loans on the security of deposits	1	150	1	300
6. Other loans	1	309	2	550
7. Defence bonds security loans
Total ...	75	16,066	316	52,236	468	73,495	1371	96,393	1414	93,281

Particulars.	1942-43		1943-44		1944-45		1945-46		1946-47		1947-48	
	No. Amount.	Rs.	No. Amount.	Rs.	No. Amount.	Rs.	No. Amount.	Rs.	No. Amount.	Rs.	No. Amount.	Rs.
1. Crop and Produce	27	24,116	21	10,650	...	12,100	19	9,950	12	8,002	20	9,107
2. Gold loans	...	...	...	...	29	53,593	...	...	9	3,675	2	375
3. Mortgage loans	466	47,653	372	45,346	238	89,721	397	1,01,955	607	1,37,625	692	2,20,133
4. Surety and Joint loans	1087	23,557	508	43,328	467	...	571	1,09,394	656	1,35,679	664	1,72,848
5. Loans on the Security of Deposits	...	...	...	...	...	...	3	1,800	9	3,100	25	10,875
6. Other loans	1	85	...	...	...	...	...	...	...	...	2	3,800
7. Defence bonds security loans	...	...	1	800	...	...	...	...	...	...	...	...
Total ...	1581	95,411	901	1,00,124	734	1,55,414	990	2,23,099	1293	2,88,081	1405	4,17,138

From the progress of loans sanctioned year after year, it can be seen that loans are sanctioned to all classes of people high and low, rich and poor according to their repaying capacity. No member is given more than Rs. 2,000. Apart from loans issued on mortgage and surety, joint loans are given to landless labourers for purchase of food grains and cloth. 102 loans for an amount of Rs. 33,355 were sanctioned to landless labourers for joint cultivation, for purchase of seed, manure and agricultural implements. This amount includes also loans issued for food grains. Up to 1-12-48, 160 loans were sanctioned for an amount of Rs. 14,846 for joint cultivation and for purchase of food grains, mainly to Harijans and landless labourers. These loans are cleared by the labourers out of the purchase of thrift labels sold by the Bank collection agents. In the year 1947-48 an amount of Rs. 32,411 was collected by sale of thrift labels. During this half-year the collection agents were able to collect Rs. 23,000 from the savings of the members. The Bank has employed three collection agents who daily visit the Harijan members at their quarters in the villages and collect savings out of their daily wages. The savings of agricultural labourers during the half-year ending 31-12-48 are remarkable. This is due to the introduction of prohibition. Both men and women of this community were addicted to drink. When this was put a stop to by the introduction of prohibition in this District during this half-year, the money which was formerly spent away for drink is now saved and deposited in the Bank.

Rate of Interest :—The Bank is accepting deposits till 31-12-48 at $2\frac{1}{2}$ per cent for one year, 3 per cent for 3 years and $3\frac{1}{2}$ per cent for 5 years. But the money market has become tight now. So, we had to enhance the rates on deposits to 3 per cent for 1 year, $3\frac{1}{2}$ per cent for 3 years and 4 per cent for 5 years. The Bank is paying $4\frac{1}{4}$ per cent for all loans taken from the Ramachandrapuram Central Bank. The lending rate to the borrower is $6\frac{1}{4}$ per cent for all loans.

Profits :—The Bank has been working with profits since its starting. The profits earned by the Bank during the last one decade are shown below —

	Rs.	A.	P.		Rs.	A.	P.
1937-38 ...	67	3	6	1943-44 ...	59	3	0
1938-39 ...	651	4	9	1944-45 ...	1,039	14	0
1939-40 ...	549	12	0	1945-46 ...	5,159	8	0
1940-41 ...	1,564	4	0	1946-47 ...	5,104	0	0
1941-42 ...	1,573	1	0	1947-48 ...	12,123	11	0
1942-43 ...	3,305	4	0				

Except in the year 43-44 Dividend was paid out at $6\frac{1}{4}$ per cent. When the old Alamuru Credit Society was amalgamated with the Rural Bank, it had a Reserve Fund of Rs. 15,000; the Bank earned during the last one decade another Rs. 15,000. The total amount of Reserve Fund will thus amount to Rs. 30,000.

The Bank is now located in the old building of the Alamuru Credit Society. The Bank purchased a new building which is adjoining the old building at a cost of Rs. 10,000 during the year 47-48. The Bank intends to construct godowns shortly in the old compound for storage of food grains, manures and implements required for the members.

Establishment :—The Bank is maintaining at present 1 Secretary, 1 Accountant, 1 Ledger Clerk, 1 Loans clerk, 1 Shroff, 2 Collection Agents, 1 Peon and 1 Night watcher.

The salaries of the staff as on 31-12-48 are :—

		Rs.	A.
Secretary	...	75	0
Accountant	...	67	8
Ledger Clerk	...	50	0
Loans clerk	..	45	0
Shroff	...	45	0
1st propagandist	...	60	0
2nd propagandist	...	57	8
Peon	...	35	0
Night-watcher	...	15	0
		450	0

The Bank is paying one anna in the rupee for the Provident Fund contribution of the staff. The Bank adopted service rules. Audit is done by the co-operative department and the Bank is charged audit fees year after year according to rates fixed by the Registrar. The Bank is able to maintain its establishment and meet all its charges all these years without asking for subsidy or any aid from Government or from the financing bank.

Non-Credit activities :—The main non-credit activities of the Bank are four.

1. Co-operative farming.
2. Rice depot.
3. Cloth depot and
4. Timber depot.

The basic articles required for the majority of our members are food and clothing. All the villages in our area are deltaic. Paddy is our main crop. There is no difficulty for securing paddy to supply to the landless labourers, and others who are engaged in other occupations. To the producers, the Bank is supplying seed, manures and agricultural implements. To the agricultural labourers, the Bank opened rice and cloth depots. Before the introduction of rationing the Bank was purchasing paddy and stocking for supplying to the agricultural labourers. Generally the agricultural labourers are given wages in coin in our area. They have work for 9 months in the year. For the remaining 3 months they have to depend upon loans from the land holders. They borrow at high rates of interest from the land holders or take paddy from them on condition that they serve the land holders in the transplantation and harvesting seasons at lower wages. Thus they undersell themselves to meet the expenditure during the slack season, when they have no work. Owing to their dependance for their supplies during the slack season, they have to serve as bond slaves to their masters all the year round. With a view to relieve them from this slavery, the Bank promulgated a scheme for financing and supplying foodgrains to these agricultural labourers during the slack season. All earning members in the family are admitted as members in the society. They are granted joint loans for purchase of foodgrains enough to meet the family demand for two or three months. These loans are cleared from out of their savings of their daily wages when they

have work. It is impossible for them to make any lumpsum payments out of their daily earnings.

The Bank promulgated a scheme of thrift and savings campaign by the sale of thrift labels of several denominations ranging from one anna to one rupee among agricultural labourers. The collection agents of the Bank daily visit the Harijan quarters and make collections. Hitherto agricultural labourers were earning from annas 6 to annas 8 a day; now their earnings have increased to Rs. 1-8-0 or even Rs. 2 a day. The cost of living has risen not twice but thrice. These labourers have enough work for 6 months in the year, especially during the transplantation and harvesting seasons. There will be occasional work for three months more while for the rest of the period *i. e.*, 3 months there will be no work at all for them. It is with a view to help these landless agricultural labourers during the slack season that the Bank is sanctioning loans in kind by way of supply of rice and cloth. These loans are paid back in cash by the members from out of their thrift collections. The petty sums daily collected from the members by the collection agents of the Bank have enabled them to clear their loans. Otherwise their savings would have been misspent on drink or other wasteful expenditure. Now after prohibition, these savings are really encouraging. They are able to clear off their old debts and spend more money on their food and apparel.

After the introduction of rationing, we have to close our food-grain depot and the local co-operative stores is supplying rice to our members.

The landless labourers are exploited by local sowcars and hawkers as regards supply of cloth also. As these labourers cannot afford to pay at one time the cost of wearing apparel, they take cloth on condition that they pay double the amount at the end of the year. Generally hawkers from Nellore District come to our area and carry on this trade year after year. Their methods of collections are very rigorous and cruel. They use the same coercive methods as used by the Kabulees who make advances in towns to Railway employees and scavengers.

With a view to stop this usury, the Bank opened a cloth depot to supply cloth to landless labourers and other members of the society. Other members make outright purchase by paying cash. Agricultural labourers are supplied cloth twice a year during Pongal and Dasara festivals. Groups of families take these joint loans and pay for the cloth required for them. The loans contracted by them are paid out of the sale of thrift labels. These members find it quite easy to obtain the cloth required and pay off their debt without trouble and harassment from the outside usurers.

Progress of sale of thrift labels.

1940-41	... Rs. 3,192	0	0
1941-42	5,224	0	0
1942-43	8,500	0	0
1943-44	6,969	14	0
1944-45	7,232	2	0
1945-46	5,936	2	0
1946-47	7,498	4	0
1947-48	32,411	10	0
(Up-to 31-12-48)	... 26,221	9	0

Co-operative Collective Farming:—The Bank applied for lease of lanka lands in the middle of the river Godavary to organise collective farming and joint cultivation on co-operative basis. Hitherto these lanka lands were leased out to the highest bidders by the Government. Generally the rich ryots secured the lands in auction and enjoyed the income. They employ the landless labourers as coolies for the agricultural operations in these lands. Owing to the annual silting of lankas by high floods, these lands are very fertile and valuable and yield good commercial crops such as chillies, tobacco and cotton. There are good pasture lands also in lankas and the ryots use these lands for the grazing of cattle. The cattle are tended by labourers and the lands are cultivated by them. Even though the lands are cultivated by them and the cows are reared by them, they are denied the fruits of their labour. They work only as serfs in these lanka lands under the lease holders. With a view to save these labourers from the hands of the middlemen and improve their economic condition, the Bank secured Lanka lands from Government for joint cultivation and collective farming in the villages of Thatapudi, Jonnada and Mulastanam.

The Bank secured 500 acres in the above three villages at a fixed rental of Rs. 10,000. Harijans in these three villages are financed by the Rural Bank for raising seasonal crops and loans are sanctioned to these members on joint responsibility for purchase of seed, cattle, implements and for payment of Government rental. These lands are divided into plots consisting of 10 acres. Ten families are to jointly cultivate in each block and the Bank's propagandist will be supervising their work. Each group elects a head who is directly responsible to the Bank. The heads of the groups will organise work for the other members. The produce is marketed for the benefit of the members by the Bank. Not only commercial crops but also food crops such as pumpkins, water melons, cucumbers, onions etc., are grown. All these vegetables and food crops are enjoyed by the labourers and the surplus only is sold. The income on the commercial crops is enough to pay off the rental and advances made by the Bank. These labourers are good at tending cattle and they are maintaining good cows, as there is plenty of pasture land. Now the labourers are enjoying their milk as they are now the owners of their cattle.

Land, labour and capital are the essential factors for the development of agricultural industry. Lanka lands are secured by the Bank from Government. The Bank has enough capital from out of its own deposits and savings. There is plenty of agricultural labour in the locality. By linking up these three factors through the agency of co-operation, the economic condition of the agricultural labourers is very much improved. The Bank has been working this scheme from the last one decade. The Bank is advancing Rs. 25,000 for these labourers for their agricultural operations. The entire amount is collected out of the sale proceeds of several crops raised in these lanka lands. There is visible material advancement in the condition of these labourers. They are better clothed, better fed and better housed. The social status also is considerably increased as they are the owners of cattle and milch cows. For the ploughing of lanka lands in the season, the Bank has to purchase 20 to 30 pairs of cattle and keep them under

the control of these labourers. For the purchase of cattle, the Bank advances loans and after the season, they are sold away and the loan amounts are realised. Hitherto, they have no cattle of their own. Now as they are possessors of cattle, the caste ryots are seeking their help for ploughing their lands with their cattle. Labourers are not only earning money by lending cattle but their status is raised in the estimation of the ryots as their help is required by them in the cultivating season. Thus mutual co-operation is developed between the labourers and the caste ryots. Hitherto, they were mere serfs; now they are co-workers in the field of agricultural industry. The spirit of co-operation is developing among these labourers as can be seen in the construction of Ramamandirams in each locality inhabited by these Harijans by their joint efforts.

In Thatapudi, a Ramamandiram was constructed at a cost of Rs. 2,000 and it is a tiled building. Labour was contributed free and the housing materials were purchased out of their savings. The Adi-Andhras and Adi-Dravidas of Mulastanam constructed two tiled Ramamandirams at a cost of Rs. 4,000. The Adi Dravidas of Angara village constructed a Ramamandiram at a cost of Rs. 5,000. After their daily work is over, they assemble in these Mandirs and settle their personal accounts and their communal disputes. On festive occasions, they conduct Bhajans and Sankeerthans in these Mandirs. It is a delight to see their folk dances and their ballad singing in these Mandirs. These have not only become a rendezvous for these people to gather, but also centres of their recreation and adult education.

There is immense scope for developing their economic condition and social status if Government entrust more lanka lands to co-operative societies. Even though repeated representations were made to the Government for the grant of lanka lands to the Bank for organising collective farming for the benefit of these landless labourers, they are still hesitating to grant lankas without auction. The Government are still moving in the same old rut following the old bureaucratic methods. Instead of wasting lakhs of money for other purposes to the Harijan uplift, the Government must adopt as their future policy with a planning and a programme to lease out the Government lanka lands not to the capitalistic ryots but to landless labourers for co-operative farming through well managed co-operative Institutions.

The Bank is conducting a timber and fuel depot for the use of the public as an agent of the Poverty Relief Service, Parantapalli. Rs. 20,000 worth of teak wood, bamboos and other housing materials are kept in the depot for sale.

Half a dozen cabinet makers have come to stay in the village and opened Karkhanas to prepare ready-made housing materials such as doors, windows, beams etc. Timber is supplied in the depot. The workers are given loans to purchase necessary materials from the market. Tables, chairs, almyrahs and other household furniture are prepared by these workers. Finance was also given for the purchase of auctioned war materials, such as iron, tin sheets etc., which are locally used for several purposes. These workers, are

able to develop cottage industry in a small scale and maintain themselves by the financial assistance given by the Bank.

Help also is given to brick makers and they are working in batches preparing bricks for sale to local people. This is a local Industry which requires encouragement. The Bank is only granting loans to brick workers and realising them after they are sold. Loans were also given on pledge of ready stocks, as large stocks will be unsold till they are marketed

Common Good Fund :—To fulfil the objects of our by-laws, we are utilising the Common Good Fund of our Bank for education, medical relief and sanitation. We are collecting public funds also for Rural Reconstruction work. A sum of Rs. 2,800 was collected by way of donations from public in the villages of the area of operation of our Bank. We are pooling our Common Good Fund and utilising the same for the purpose of propaganda and education. The total amount collected by way of donations and contributions from Common Good Fund to the common pool is Rs. 4,800. A sum of Rs. 872 was spent for scholarships to students studying in various schools. Monthly fees and examination fees are paid to the Head Masters of various schools where our students are studying. Encouragement is given to poor students who are the children of our members. A sum of Rs. 500 was spent for the purchase of stud bull to the Jonnada Co-operative Cattle Breeding Society. A sum of Rs. 1,800 was contributed for repairs and raising of bunds of the Nagula tank at Alamuru. A sum of Rs. 300 was contributed for the Co-operative library. A sum of Rs. 600 was contributed for subscribing to the daily newspapers both in English and in Telugu for maintaining a reading room in the Bank premises. A sum of Rs. 200 was contributed for the purchase of Homœo medicines to maintain a free Homœo Dispensary. The Bank is maintaining a water pendal for the public during summer.

The Bank purchased out of its General Funds a Radio set, at a cost of Rs. 500 with a battery as there is no supply of electricity in the village. The Radio is opened from 5-30 to 8-30 p.m. It is maintained from out of the Common Good Fund. Thus the Common Good Fund of the Bank is utilised during the decade for public benefit for the purpose of promoting education, sanitation etc.

To fulfil the objects in by-laws, the Bank is organising public meetings on all festive occasions and special occasions to carry on education and co-operative propaganda. District Agricultural Officers, Executive Engineers and Educational Officers are specially invited for attending and addressing meetings.

The Bank has opened savings and current accounts for public facility. We are honouring cheques and discounting bills. Thus the Bank is fulfilling its multi-purpose objects in this rural area.

The Bank has thus demonstrated in practice during the last one decade that co-operation is the chief instrument by means of which large programme of Rural Reconstruction can be carried on the basis of the twin principles of social and economic justice. Gradually as the Bank develops, we are confident that the efficacy of co-operation as a new force in the better ordering of Rural economic life will make itself felt through the service of paid and honorary workers joining hands together for the good of one and all,

